



Pedro "Pete" M. Sanchez, Mayor  
Mike Hudson, Mayor Pro-Tem  
Jane Day  
Sam Derting  
Michael A. Segala

First and Third Tuesday  
Every Month

**A G E N D A**

**SPECIAL MEETING OF THE  
SUISUN CITY COUNCIL,  
SUISUN CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY,  
AND HOUSING AUTHORITY  
TUESDAY, MARCH 6, 2012  
5:00 P.M.**

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**SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA**

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(Next Ord. No. – 721)  
(Next City Council Res. No. 2012 – 14)  
Next Suisun City Council Acting as Successor Agency Res. No. SA2012 – 04)  
(Next Housing Authority Res. No. HA2012 – 02)

**ROLL CALL**

Council / Board Members

**PUBLIC COMMENT**

*(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).*

**CONFLICT OF INTEREST NOTIFICATION**

*(Any items on this agenda that might be a conflict of interest to any Councilmembers / Boardmembers should be identified at this time.)*

**CLOSED SESSION**

Pursuant to California Government Code Section 54950 the Suisun City Council will hold a Closed Session for the purpose of:

City Council/ Successor Agency

1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to Government Code Section 54956.9(b): One potential case.

City Council

2. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
Name of case: Shaniece Travis v. James Sousa, City of Suisun City  
Case No. 2:11-CV-01889-GEB-CKD

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320  
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340  
SUCCESSOR AGENCY 421-7309 FAX 421-7366

3. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
Name of case: David Fong v. City of Suisun City Case #: # FCS038343
4. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
Name of case: Welling v. City of Suisun City Case #: FCS035455
5. CONFERENCE WITH LABOR NEGOTIATOR  
Agency negotiator: Suzanne Bragdon, City Manager, Ron Anderson, Assistant City Manager, and Tim Mattos, Police Commander.  
Employee organization: SCPOA (Suisun City Police Officers' Association)
6. CONFERENCE WITH LABOR NEGOTIATOR  
Agency negotiator: Suzanne Bragdon, City Manager, Ron Anderson, Assistant City Manager, and Dan Kasperson, Public Works and Building Director.  
Employee Organization: SCEA (Suisun City Employees' Association).
7. CONFERENCE WITH LABOR NEGOTIATOR  
Agency negotiator: Suzanne Bragdon, City Manager, Ron Anderson, Assistant City Manager, and Jason Garben, Economic Development Director.  
Employee organization: SCMPEA (Suisun City Management and Professional Employees' Association)

### **CONVENE OPEN SESSION**

Announcement of Actions Taken, if any, in Closed Session.

### **ADJOURNMENT**

A complete packet of information containing staff reports and exhibits related to each item for the open session of this meeting, and provided to the City Council, are available for public review at least 72 hours prior to a Council /Agency/Authority Meeting at Suisun City Hall 701 Civic Center Blvd., Suisun City. Agenda related writings or documents provided to a majority of the Council/Board/Commissioners less than 72 hours prior to a Council/Agency/Authority meeting regarding any item on this agenda will be made available for public inspection during normal business hours. An agenda packet is also located at the entrance to the Council Chambers during the meeting for public review. The City may charge photocopying charges for requested copies of such documents.

#### *PLEASE NOTE:*

1. The City Council/Agency/Authority hopes to conclude its public business by 11:00 P.M. Ordinarily, no new items will be taken up after the 11:00 P.M. cutoff and any items remaining will be agendized for the next meeting. The agendas have been prepared with the hope that all items scheduled will be discussed within the time allowed.
2. Suisun City is committed to providing full access to these proceedings; individuals with special needs may call 421-7300.
3. Agendas are posted at least 72 hours in advance of regular meetings at:

|                            |                   |                     |
|----------------------------|-------------------|---------------------|
| City Hall                  | Fire Station      | Senior Center       |
| 701 Civic Center Boulevard | 621 Pintail Drive | 318 Merganser Drive |



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SUISUN CITY COUNCIL,  
SUISUN CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY,  
AND HOUSING AUTHORITY  
TUESDAY, MARCH 6, 2012  
7:00 P.M.**

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**SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA**

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(Next Ord. No. – 721)  
(Next City Council Res. No. 2012 – 14)  
Next Suisun City Council Acting as Successor Agency Res. No. SA2012 – 04)  
(Next Housing Authority Res. No. HA2012 – 02)

**ROLL CALL**

Council / Board Members  
Pledge of Allegiance  
Invocation

**PUBLIC COMMENT**

*(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).*

**PRESENTATIONS/APPOINTMENTS**

*(Presentations, Awards, Proclamations, Appointments).*

1. Presentation by Solano County Grand Jury Members Robert Schussel and Maria McIntyre on the Functions of the Grand Jury and the process of nominating candidates and selecting Grand Jury Members.
2. Approving Appointment(s) to the Oversight Board of the Suisun City Council Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City. Mayor’s At-Large Appointment and Recognized Employee Organization Appointment.

**CONFLICT OF INTEREST NOTIFICATION**

*(Any items on this agenda that might be a conflict of interest to any Councilmembers / Boardmembers should be identified at this time.)*

**CONSENT CALENDAR**

*Consent calendar items requiring little or no discussion may be acted upon with one motion.*

**City Council**

3. Authorizing the Mayor to Execute a Letter of Support for Solano Land Trust Projects – (Anderson).
4. Council Adoption of Resolution No. 2012-\_\_\_: Approving the Refunding of the City’s “Side Fund” with CalPERS and Authorizing the City Manager to Execute a Professional Services Agreement with Brandis Tallman, LLC to Provide Placement Agent Services – (Joseph).

**GENERAL BUSINESS****City Council**

5. Council Discussion and Direction Regarding the Development of a Fireworks Sales Ordinance – (Corey).
6. Council Discussion and Direction Regarding the Independence Day Spectacular for July 4, 2012 and future years – (Corey).
7. Council Adoption of Resolution No. 2012-\_\_\_: Affirming its Intent to Conform with the Reimbursement Agreements Requiring the Former Redevelopment Agency of the City of Suisun City to Repay the City for All Lease Payments Associated with the Financing of the Civic Center Project – (Garben).

**Suisun City Council Acting as Successor Agency**

8. Receive and Accept a Draft of the Initial Recognized Obligation Payment Schedule and a Draft of the Proposed Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Suisun City – (Garben).

**PUBLIC HEARINGS:****REPORTS: (Informational items only.)**

9. City Manager/Executive Director/Staff
10. Mayor/Council -Chair/Boardmembers

**ADJOURNMENT**

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## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

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**CITY AGENDA ITEM:** Authoring the Mayor to Execute a Letter of Support for Solano Land Trust Projects.

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**FISCAL IMPACT:** There would be no fiscal impact associated with the approval of this request.

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**BACKGROUND:** Ben Wallace, Conservation Project Manager for the Solano Land Trust (SLT) wrote a letter to Mayor Sanchez requesting a letter of support.

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**STAFF REPORT:** The Solano Land Trust Solano Land Trust is submitting an initial proposal to the U. S. Environmental Protection Agency's San Francisco Bay Area Water Quality Improvement Fund for projects to protect and restore water quality and enhance aquatic habitat at Rush Ranch in the Suisun Marsh. The result of this initial proposal would determine whether SLT is invited to submit a full proposal.

Rush Ranch Open Space Preserve is a designated San Francisco Bay National Estuarine Research Reserve site, and one of the largest intact remnant brackish tidal marshes in the San Francisco Bay. With its rich mosaic of habitats, the marsh at Rush Ranch is rare in the Bay Area for its connectivity between tidal marsh, seasonal wetland, and grassland habitats. Rush Ranch is home to endemic and endangered species including the salt marsh harvest mouse, California clapper and black rails, Delta and long-fin smelts, Suisun thistle, and soft-birds beak. The 2,070-acre preserve offers an ideal location to enhance water quality and aquatic habitat that would benefit the greater San Francisco Bay.

SLT is seeking funding to complete final designs and implement a suite of stormwater management, aquatic habitat and land stewardship improvements at Rush Ranch. These projects are in line with EPA's Water Quality Improvement Fund goals to benefit listed species, control non-native species, protect and restore wetlands, restore sub-tidal habitats, protect transitional habitats, improve agricultural practices to reduce pollutants, and enhance stormwater management. The project would also incorporate adaptations needed for marsh habitats to migrate upslope in response to sea level rise.

**RECOMMENDATION:** It is recommended that the City Council authorize the Mayor to execute the attached letter in support of the above-indicated project application.

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**ATTACHMENTS:**

1. Letter from Ben Wallace dated February 27, 2012.
2. Draft letter in support of the application.

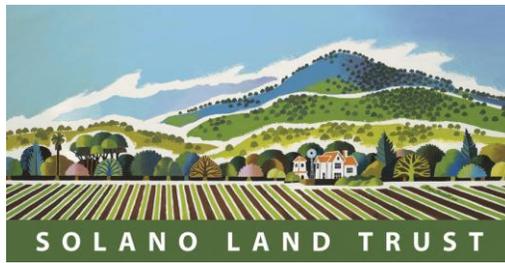
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**PREPARED BY:**

Ronald C. Anderson, Jr., Assistant City Manager

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, City Manager



February 27, 2012

Dear Mayor Sanchez,

**Board Members**

**Officers**

Darrin Berardi  
President

Linda Seifert  
Vice President

Jeff Dittmer  
Treasurer

Bob Berman  
Immediate Past President

Michael Fortney  
Secretary

**Directors**

Jim Campbell  
Elizabeth Fry  
Jane Hicks

John Isaacson  
Albert Lavezzo  
Russell Lester  
Sean Quinn

Solano Land Trust is submitting an initial proposal to the US Environmental Protection Agency's San Francisco Bay Area Water Quality Improvement Fund for projects to protect and restore water quality and enhance aquatic habitat at Rush Ranch in the Suisun Marsh. The result of this initial proposal will determine if we are invited to submit a full proposal. **We are requesting that you write a letter in support of this application.**

Rush Ranch Open Space Preserve is a designated San Francisco Bay National Estuarine Research Reserve site, and one of the largest intact remnant brackish tidal marshes in the San Francisco Bay. With its rich mosaic of habitats, the marsh at Rush Ranch is rare in the Bay Area for its connectivity between tidal marsh, seasonal wetland, and grassland habitats. Rush Ranch is home to endemic and endangered species including the salt marsh harvest mouse, California clapper and black rails, Delta and longfin smelts, Suisun thistle, and soft-birds beak. The 2,070-acre preserve offers an ideal location to enhance water quality and aquatic habitat that will benefit the greater San Francisco Bay.

We are seeking funding to complete final designs and implement a suite of storm water management, aquatic habitat and land stewardship improvements at Rush Ranch. These projects are in line with EPA's Water Quality Improvement Fund goals to benefit listed species, control non-native species, protect and restore wetlands, restore sub-tidal habitats, protect transitional habitats, improve agricultural practices to reduce pollutants, and enhance storm water management. The project also incorporates adaptations needed for marsh habitats to migrate upslope in response to sea level rise.

We are grateful that you are willing to write a letter of support, to include your personal comments about the value of Rush Ranch to the community, and your support for the work of Solano Land Trust in general. If you would like more information on the specifics of the proposal, please feel free to contact me at [ben@solanolandtrust.org](mailto:ben@solanolandtrust.org) or (707) 432-0150 x 203. Thank you.

Best regards,

Ben Wallace  
Conservation Project Manager

CITY COUNCIL

Pedro "Pete" M. Sanchez, Mayor  
Mike Hudson, Mayor Pro-Tem  
Jane Day  
Sam Derting  
Michael A. Segala



CITY COUNCIL MEETING

First and Third Tuesday  
Every Month

**CITY OF SUISUN CITY**

701 Civic Center Blvd.  
Suisun City, California 94585  
Incorporated October 9, 1868

March 6, 2012

Luisa Valiela  
SF Bay Water Quality Improvement Fund  
EPA Region 9 (WTR-3)  
75 Hawthorne Street  
San Francisco, CA 94105

Subject: Solano Land Trust initial proposal for EPA's San Francisco Bay Area Water Quality Improvement Fund

Dear Ms. Valiela,

On behalf of the City Council of the City of Suisun City, I am writing to encourage the US Environmental Protection Agency Region 9 San Francisco Bay Area Water Quality Improvement Fund to approve the initial proposal by Solano Land Trust to protect and restore water quality and enhance aquatic habitat at Rush Ranch in the Suisun Marsh.

Rush Ranch Open Space Preserve is one of the largest intact remnant brackish tidal marshes in the San Francisco Bay. The fact that it was designated a San Francisco Bay National Estuarine Research Reserve site speaks for the richness of the habitat. Rush Ranch is a prime location for restoring the water quality of the San Francisco Bay and for enhancing aquatic habitats.

Solano Land Trust has been a leader in land preservation and stewardship in Solano County since 1986. This project will contribute to improvement of storm water management, aquatic habitat and land stewardship in one of Solano County's most sensitive environmental areas. The project is in line with EPA's goals to benefit listed species, control non-native species, protect and restore wetlands, restore sub-tidal habitats, protect transitional habitats, improve agricultural practices to reduce pollutants, and enhance storm water management. The project also incorporates adaptations needed for marsh habitats to migrate upslope in response to sea level rise.

Since 1986 Solano Land Trust has permanently protected over 20,000 acres of natural areas and agricultural lands, while also stewarding the diverse and important habitats and species on those properties, including many that are threatened and endangered. With over 2,000 acres of marsh and grassland, Rush Ranch provides recreational and educational opportunities to thousands of visitors each year with its historical buildings and self-guided trails. With funding provided by the San Francisco Bay National Estuarine Research Reserve and Coastal Conservancy, Solano Land Trust has completed a new Nature Center to showcase the many natural and historical features of the property.

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320  
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340  
REDEVELOPMENT AGENCY 421-7309 FAX 421-7366

Within the property's boundaries is one of the best remaining examples of a brackish tidal marsh habitat in the United States. Once a continuous tidal marsh habitat, the greater Suisun Marsh is now a vast complex of wetlands owned privately by local duck clubs. Only about 10 square miles of the historic tidal marsh remain, one-tenth of which exists at Rush Ranch.

I strongly encourage you to support Solano Land Trust's important work at Rush Ranch. Thank you very much for your consideration.

Sincerely,

Pete Sanchez  
Mayor, City of Suisun City

## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

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**CITY AGENDA ITEM:** Council Adoption of Resolution No. 2012-\_\_\_: Approving the Refunding of the City's "Side Fund" with CalPERS and Authorizing the City Manager to Execute a Professional Services Agreement with Brandis Tallman LLC to Provide Placement Agent Services.

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**FISCAL IMPACT:** By refinancing existing debt, staff expects that the City would save approximately \$50,000 per year in interest expense, of which 70% would accrue to the General Fund. This is based on CalPERS' current investment earnings rate of 7.75% (we are charged an interest rate based on what they earn—or expect to earn), and an estimated loan rate of 4.5%.

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**BACKGROUND:** On January 3, 2012, Council received a presentation from staff and representatives from Brandis Tallman LLC on the concept of refunding our "side fund" with CalPERS – essentially, refinancing our unfunded liability at a lower rate, in order to save up to \$50,000 per year. Council directed staff to explore the issue and report its recommendations to the Council. On February 7, 2012 during the Mid-Year Budget Review, the matter was further discussed and Council directed staff to initiate the process, and use Brandis Tallman LLC as our Placement Agent, given its experience with this type of financing and the fact that Dixon was using this same company, after Dixon's Financial Advisor reviewed and recommended Brandis Tallman.

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**STAFF REPORT:** Attached is a letter from Brandis Tallman LLC, reiterating its experience and interest, as well as a proposed scope of service and timeline. Staff has also included the January 3 PowerPoint handouts that further explain the program. The attached Resolution would authorize the City Manager to execute an agreement with Brandis Tallman LLC based on the scope of work, which staff has reviewed and agrees with.

It should be pointed out that Brandis Tallman LLC would work with several banks and financial institutions in order to negotiate the best rate for the City.

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**RECOMMENDATION:** It is recommended that the City Council adopt Resolution No. 2012-\_\_\_: Approving the Refunding of the City's "Side Fund" with CalPERS and Authorizing the City Manager to Execute a Professional Services Agreement with Brandis Tallman LLC to Provide Placement Agent Services.

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### ATTACHMENTS:

1. Resolution No. 2012-\_\_\_: Approving the Refunding of the City's "Side Fund" with CalPERS and Authorizing the City Manager to Execute a Professional Services Agreement with Brandis Tallman LLC to Provide Placement Agent Services
  2. Letter from Brandis Tallman LLC dated February 15, 2012.
  3. PowerPoint presentation from the January 3, 2012 Council meeting..
- 

**PREPARED BY:**

Ronald C. Anderson, Jr., Assistant City Manager

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, City Manager

**RESOLUTION NO. 2012-\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY APPROVING THE REFUNDING OF THE CITY'S "SIDE FUND" WITH CALPERS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH BRANDIS TALLMAN LLC TO PROVIDE PLACEMENT AGENT SERVICES**

**WHEREAS**, the City of Suisun City has an unfunded CalPERS retirement liability of approximately \$3.5 million; and

**WHEREAS**, the City is currently paying that debt at a rate of 7.75% compared to a market rate estimated at 4.5%; and

**WHEREAS**, the firm of Brandis Tallman LLC (BTLLC) has the experience and qualifications to assist the City in refunding our "side fund" and thereby saving the City \$50,000 per year; and

**WHEREAS**, BTLLC is currently working with the City of Dixon on a similar financing and was selected by Dixon based on the impartial review by their financial advisor.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Suisun City hereby approves refunding the City's "side fund" in CalPERS; and

**BE IT FURTHER RESOLVED** that the City Manager is hereby authorized to execute a professional services agreement with BTLLC in an amount not to exceed \$30,000, and to take any related and required actions associated with this action.

**PASSED AND ADOPTED** at a Regular Meeting of the City Council of the City of Suisun City held on Tuesday, the 6<sup>th</sup> of March, 2012, by the following vote:

|                 |                        |       |
|-----------------|------------------------|-------|
| <b>AYES:</b>    | <b>COUNCILMEMBERS:</b> | _____ |
| <b>NOES:</b>    | <b>COUNCILMEMBERS:</b> | _____ |
| <b>ABSENT:</b>  | <b>COUNCILMEMBERS:</b> | _____ |
| <b>ABSTAIN:</b> | <b>COUNCILMEMBERS:</b> | _____ |

**WITNESS** my hand and the seal of the City of Suisun City this 6<sup>th</sup> of March 2012.

\_\_\_\_\_  
Linda Hobson, CMC  
Secretary



**BRANDIS TALLMAN LLC**

22 Battery Street  
Suite 500  
San Francisco, CA 94111

Phone: 415-912-5630  
Fax: 415-912-5636  
[www.brandistallman.com](http://www.brandistallman.com)

February 15, 2012

Mark Joseph, Financial Services Manager  
Ronald Anderson, Assistant City Manager  
Jason Garben, Economic Development Director  
City of Suisun City  
701 Civic Center Blvd.  
Suisun City, CA 94585

Via E-Mail

**Re: Suisun City CalPERS Side Fund Refinancing**

Attached is information about Brandis Tallman LLC, our experience with CalPERS Side Fund Refinancings, and our Agreement for Services.

We appreciate the opportunity to submit this information to you and we look forward to working with you on this transaction.

Very truly yours,

BRANDIS TALLMAN LLC

Rick Brandis

Jeff Land

Member  
FINRA MSRB SIP

# BRANDIS TALLMAN LLC

## SUISUN CITY CALPERS SIDE FUND REFINANCING

### About Brandis Tallman

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Brandis Tallman is a full service investment banking firm that provides bond underwriting and placement agent services to public agencies. Our investment banking department offers financial analysis, planning and debt structuring for capital projects. Our trading and sales department distributes our municipal underwritings to a customer base that includes retail accounts, institutional investors such as mutual funds, banks and insurance companies, and money managers and investment advisors. We are a full service broker/dealer.

Brandis Tallman serves as a broker/dealer and therefore has access to multiple institutional funding sources. We began working on Side Fund refinancings over a year ago, and since then, have developed a private placement/direct loan program with these institutional funding sources. The refinancing of a CalPERS Side Fund is a very specific product in the public finance market. Brandis Tallman has focused on educating and cultivating these institutional funding sources and their credit committees to purchase Side Fund loans. Each lender uses different pricing models and we work to find the best rate and financing terms for the transaction. Our efforts in the market have led to the development of a highly efficient, functional financing process that ensures a smooth closing for our public agency clients.

We have closed six Side Fund refinancings since April of 2011 and have eight more in process. All of these transactions have been structured as private placements. Each financing had an interest rate that was substantially lower than the rates for publicly offered pension obligation bonds providing more savings to the agency. We believe that our recent experience and involvement with the market will directly benefit Suisun City.

### Side Fund Refinancing Experience

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| <u>Agency</u>  | <u>Par Amount</u> | <u>Closing Date</u> |
|--|-------------------|---------------------|
| Central Fire Protection District<br>of Santa Cruz County | \$ 6,184,000      | 4/13/2011           |
| County of Colusa   | \$ 3,200,000      | 3/2012              |
| Lakeside Fire Protection District                        | \$ 3,816,000      | 7/21/2011           |
| City of Martinez   | \$ 6,833,000      | 3/2012              |
| County of Mono   | \$ 4,875,000      | 2/29/2012           |
| Montecito Fire Protection District                       | \$ 3,520,000      | 5/26/2011           |
| City of Oakdale  | \$ 4,800,000      | 3/2012              |
| City of Orland   | \$ 2,308,200      | 2/22/2012           |
| San Miguel Fire Protection District                      | \$11,282,000      | 6/29/2011           |
| City of Santa Fe Springs                                 | \$ 7,500,000      | 3/2012              |
| Sierra County  | \$ 4,642,000      | 4/2012              |
| Stanislaus Consolidated Fire Protection District         | \$ 3,209,800      | 5/26/2011           |
| Truckee-Donner Public Utility District                   | \$ 7,816,000      | 6/29/2011           |
| City of West Sacramento                                  | \$10,806,700      | 2/17/2012           |

## **Debt Financing Instrument**

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The debt financing instrument would be a pension obligation bond sold directly to an institutional investor. This is known as a private placement method of sale. From our experience refinancing CalPERS Side Fund loans in 2011, we find this direct placement method of sale to a financial institution as the most cost effective structure for the following reasons:

- It is a bare bones version of public offering
- no credit rating required
- no official statement required
- no continuing disclosure required
- lower costs of issuance
- lower interest rate

The financing structure for the City would include the following:

- Obligation paid from any legally available funds
- Liability that goes on balance sheet
- No collateral required
- Documentation includes a Trust Indenture or Loan Agreement, Bond Purchase Agreement, and Resolution to approve the financing and all related documents. The documentation can be considered and approved at one Board meeting.

## **Timing**

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Below is an estimated schedule for the refinancing.

|              |  |
|--------------|--|
| Week One     | Financing team kick-off conference call  |
| Week Two     | 1 <sup>st</sup> draft of loan documents distributed  |
| Week Three   | Conference call to discuss loan documents  |
| Week Four    | Comments on loan documents due / Credit meeting<br>Our lenders require an in-person due diligence meeting to discuss the City's credit. The meeting will focus on the City's last three years of audited financials and current year budget for the credit review process. |
| Week Five    | Loan documents due for Council Meeting Agenda deadline   |
| Week Six     | Council meeting to approve loan documents and authorize Refinancing / Court validation process begins  |
| Week Twelve  | Validation judgment, 30-day appeal period begins   |
| Week Sixteen | Appeal period ends, validation complete, close transaction   |

## **Bios for Rick Brandis and Nicki Tallman**

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### ***Richard S. Brandis***

Richard Brandis began his career in the securities industry in 1985, with a small regional broker/dealer, concentrating on municipal bond sales and trading. With the focus of his sales efforts on the placement of new issues and secondary market offerings to high net worth individuals and institutions, Rick has been responsible for the distribution of over \$1.2 billion dollars of municipal bonds. From his sales experience, Rick has developed a thorough understanding of the municipal marketplace.

For several years, Rick brought his expertise and knowledge of the municipal bond market to directly serve public agencies as an investment banker. Rick has been responsible for identifying refunding candidates and structuring transactions. Also, Rick performs due diligence to meet disclosure requirements necessary for the sale and distribution of bonds. Rick has over 25 years of well rounded experience in the municipal securities industries. Through his relationships with both municipal agencies and the investor community, Rick understands the balance between issuer needs and what the investing public will buy.

In March of 2002, Rick co-founded Brandis Tallman LLC. Prior to that time, he worked for various investment banking firms where he specialized in public finance and municipal bond trading and sales. Rick received a B.A. in Political Science from the University of California at Davis in 1983. His professional qualifications include NASD Series 7, 24, 53 and 63 licenses.

### ***Nicole N. Tallman, C.P.A.***

Nicole Tallman began her career in municipal finance in 1993. She brings her experience as a senior banker, providing account coverage to small and medium sized municipal issuers in California. Nicki has a broad range of financial expertise with an in-depth knowledge of general city, county and special district financing techniques. Nicki works with a number of advanced cash flow models to optimize the use of debt and cash to fund capital improvements and perform fiscally prudent financings. Many issuers find these models invaluable in accurately and factually projecting capital financing plans that meet their short- and long-term needs.

Nicki has been responsible for structuring transactions including preparing sources and uses of funds, debt service schedules, escrow calculations and cash flow projections; performing due diligence work and drafting Official Statements; performing follow-up consulting services including accounting and administration assistance, and; overall management and timing of the projects. Additionally, Nicki has served her clients by providing comprehensive review and analysis of financial condition and debt structure; participating in review board interviews; preparing complete accounting transcripts and summary documents for transactions, and; providing comprehensive follow up support including assisting public agencies with continuing disclosure and GASB, SEC and CDIAC annual reporting requirements.

Nicki co-founded Brandis Tallman LLC in March of 2002. Before that she worked for various investment banking firms where she specialized in public finance. Prior to entering the field of municipal finance, Nicki worked as a C.P.A. with Arthur Andersen LLP where she performed audits and provided consulting services to municipalities. Nicki has a bachelor's degree in Accounting from the University of San Diego where she graduated Magna Cum Laude in 1990. She holds NASD Series 7, 24, 53 and 63 licenses, and is licensed as a Certified Public Accountant in the State of California.

## **AGREEMENT FOR PLACEMENT AGENT SERVICES**

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### **SCOPE OF SERVICES**

BTLLC shall perform all the duties and services specifically set forth herein and shall provide such other services as it deems necessary or advisable, or are reasonable and necessary to accomplish the intent of the City in a manner consistent with the standards and practices of placement agents or underwriters prevailing at the time such services are rendered to the City.

The City may, with the concurrence of BTLLC, expand this Scope of Services to include any additional services not specifically identified within the terms herein.

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Specifically, BTLLC will:

#### **1. Compilation/Drafting of Disclosure Reports (as necessary and appropriate) for Distribution to Sophisticated Investors.**

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The City and BTLLC have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**BRANDIS TALLMAN LLC**

**SUISUN CITY**

By \_\_\_\_\_

By \_\_\_\_\_



**BRANDIS TALLMAN LLC**

22 Battery Street  
Suite 500  
San Francisco, CA 94111

Phone: 415-912-5630  
Fax: 415-912-5636  
[www.brandistallman.com](http://www.brandistallman.com)

February 15, 2012

Mark Joseph, Financial Services Manager  
Ronald Anderson, Assistant City Manager  
Jason Garben, Economic Development Director  
City of Suisun City  
701 Civic Center Blvd.  
Suisun City, CA 94585

Via E-Mail

**Re: Suisun City CalPERS Side Fund Refinancing**

Attached is information about Brandis Tallman LLC, our experience with CalPERS Side Fund Refinancings, and our Agreement for Services.

We appreciate the opportunity to submit this information to you and we look forward to working with you on this transaction.

Very truly yours,

BRANDIS TALLMAN LLC

Rick Brandis

Jeff Land

Member  
FINRA MSRB SIP

# BRANDIS TALLMAN LLC

## SUISUN CITY CALPERS SIDE FUND REFINANCING

### About Brandis Tallman

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Brandis Tallman is a full service investment banking firm that provides bond underwriting and placement agent services to public agencies. Our investment banking department offers financial analysis, planning and debt structuring for capital projects. Our trading and sales department distributes our municipal underwritings to a customer base that includes retail accounts, institutional investors such as mutual funds, banks and insurance companies, and money managers and investment advisors. We are a full service broker/dealer.

Brandis Tallman serves as a broker/dealer and therefore has access to multiple institutional funding sources. We began working on Side Fund refinancings over a year ago, and since then, have developed a private placement/direct loan program with these institutional funding sources. The refinancing of a CalPERS Side Fund is a very specific product in the public finance market. Brandis Tallman has focused on educating and cultivating these institutional funding sources and their credit committees to purchase Side Fund loans. Each lender uses different pricing models and we work to find the best rate and financing terms for the transaction. Our efforts in the market have led to the development of a highly efficient, functional financing process that ensures a smooth closing for our public agency clients.

We have closed six Side Fund refinancings since April of 2011 and have eight more in process. All of these transactions have been structured as private placements. Each financing had an interest rate that was substantially lower than the rates for publicly offered pension obligation bonds providing more savings to the agency. We believe that our recent experience and involvement with the market will directly benefit Suisun City.

### Side Fund Refinancing Experience

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| <u>Agency</u>  | <u>Par Amount</u> | <u>Closing Date</u> |
|--|-------------------|---------------------|
| Central Fire Protection District<br>of Santa Cruz County | \$ 6,184,000      | 4/13/2011           |
| County of Colusa   | \$ 3,200,000      | 3/2012              |
| Lakeside Fire Protection District                        | \$ 3,816,000      | 7/21/2011           |
| City of Martinez   | \$ 6,833,000      | 3/2012              |
| County of Mono   | \$ 4,875,000      | 2/29/2012           |
| Montecito Fire Protection District                       | \$ 3,520,000      | 5/26/2011           |
| City of Oakdale  | \$ 4,800,000      | 3/2012              |
| City of Orland   | \$ 2,308,200      | 2/22/2012           |
| San Miguel Fire Protection District                      | \$11,282,000      | 6/29/2011           |
| City of Santa Fe Springs                                 | \$ 7,500,000      | 3/2012              |
| Sierra County  | \$ 4,642,000      | 4/2012              |
| Stanislaus Consolidated Fire Protection District         | \$ 3,209,800      | 5/26/2011           |
| Truckee-Donner Public Utility District                   | \$ 7,816,000      | 6/29/2011           |
| City of West Sacramento                                  | \$10,806,700      | 2/17/2012           |

## **Debt Financing Instrument**

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The debt financing instrument would be a pension obligation bond sold directly to an institutional investor. This is known as a private placement method of sale. From our experience refinancing CalPERS Side Fund loans in 2011, we find this direct placement method of sale to a financial institution as the most cost effective structure for the following reasons:

- It is a bare bones version of public offering
- no credit rating required
- no official statement required
- no continuing disclosure required
- lower costs of issuance
- lower interest rate

The financing structure for the City would include the following:

- Obligation paid from any legally available funds
- Liability that goes on balance sheet
- No collateral required
- Documentation includes a Trust Indenture or Loan Agreement, Bond Purchase Agreement, and Resolution to approve the financing and all related documents. The documentation can be considered and approved at one Board meeting.

## **Timing**

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Below is an estimated schedule for the refinancing.

|              |  |
|--------------|--|
| Week One     | Financing team kick-off conference call  |
| Week Two     | 1 <sup>st</sup> draft of loan documents distributed  |
| Week Three   | Conference call to discuss loan documents  |
| Week Four    | Comments on loan documents due / Credit meeting<br>Our lenders require an in-person due diligence meeting to discuss the City's credit. The meeting will focus on the City's last three years of audited financials and current year budget for the credit review process. |
| Week Five    | Loan documents due for Council Meeting Agenda deadline   |
| Week Six     | Council meeting to approve loan documents and authorize Refinancing / Court validation process begins  |
| Week Twelve  | Validation judgment, 30-day appeal period begins   |
| Week Sixteen | Appeal period ends, validation complete, close transaction   |

## **Bios for Rick Brandis and Nicki Tallman**

---

### ***Richard S. Brandis***

Richard Brandis began his career in the securities industry in 1985, with a small regional broker/dealer, concentrating on municipal bond sales and trading. With the focus of his sales efforts on the placement of new issues and secondary market offerings to high net worth individuals and institutions, Rick has been responsible for the distribution of over \$1.2 billion dollars of municipal bonds. From his sales experience, Rick has developed a thorough understanding of the municipal marketplace.

For several years, Rick brought his expertise and knowledge of the municipal bond market to directly serve public agencies as an investment banker. Rick has been responsible for identifying refunding candidates and structuring transactions. Also, Rick performs due diligence to meet disclosure requirements necessary for the sale and distribution of bonds. Rick has over 25 years of well rounded experience in the municipal securities industries. Through his relationships with both municipal agencies and the investor community, Rick understands the balance between issuer needs and what the investing public will buy.

In March of 2002, Rick co-founded Brandis Tallman LLC. Prior to that time, he worked for various investment banking firms where he specialized in public finance and municipal bond trading and sales. Rick received a B.A. in Political Science from the University of California at Davis in 1983. His professional qualifications include NASD Series 7, 24, 53 and 63 licenses.

### ***Nicole N. Tallman, C.P.A.***

Nicole Tallman began her career in municipal finance in 1993. She brings her experience as a senior banker, providing account coverage to small and medium sized municipal issuers in California. Nicki has a broad range of financial expertise with an in-depth knowledge of general city, county and special district financing techniques. Nicki works with a number of advanced cash flow models to optimize the use of debt and cash to fund capital improvements and perform fiscally prudent financings. Many issuers find these models invaluable in accurately and factually projecting capital financing plans that meet their short- and long-term needs.

Nicki has been responsible for structuring transactions including preparing sources and uses of funds, debt service schedules, escrow calculations and cash flow projections; performing due diligence work and drafting Official Statements; performing follow-up consulting services including accounting and administration assistance, and; overall management and timing of the projects. Additionally, Nicki has served her clients by providing comprehensive review and analysis of financial condition and debt structure; participating in review board interviews; preparing complete accounting transcripts and summary documents for transactions, and; providing comprehensive follow up support including assisting public agencies with continuing disclosure and GASB, SEC and CDIAC annual reporting requirements.

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**BRANDIS TALLMAN LLC**

**SUISUN CITY**

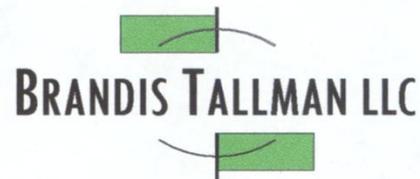
By \_\_\_\_\_

By \_\_\_\_\_

# Refinancing CalPERS Side Fund Obligations Mitigating Financial Risks



Presentation Prepared for  
the City of Suisun City  
by



22 Battery Street, Suite 500  
San Francisco, CA 94111  
415-912-5630

*Investment Banking for  
California's Communities*

## Available Options

- **Continue Side Fund Participation**

Suisun City is currently paying into the Side Fund at an interest rate of 7.75%.

- **Pay Off Side Fund Obligation with Cash**

Suisun City could use cash reserves to pay off their Side Fund Obligations.

- **Pay Off Side Fund Obligation with a New Loan (Refunding)**

Suisun City could refinance their Side Fund Obligations by accessing the capital marketplace.

# Access to Capital Markets

- **Local Banks**
  
- **Municipal Bond Market**
  - **Public Offering Method of Sale**
    - Sold to public at large
    - Credit rating required for optimal interest rate
    - Official statement required
    - Trustee required
    - Continuing disclosure required
  
  - **Private Placement Method of Sale**
    - Direct loan from institutional investor such as a bank
    - Bare bones version of public offering
    - No credit rating required
    - No official statement required
    - No continuing disclosure required
    - Trustee may be required

## SUMMARY PRIVATE PLACEMENT REFUNDING

| <b>REFUNDING LOAN</b>              |                      |
|------------------------------------|----------------------|
| Loan Payoff Amount as of 6/30/2011 | \$3,445,204          |
| Cost of Issuance                   | \$105,796            |
| Par Amount                         | \$3,551,000          |
| Arbitrage Yield                    | 4.50% [1]            |
| All-In True Interest Cost          | 5.04%                |
| <b>TOTAL DEBT SERVICE</b>          |                      |
| Refunding Loan                     | \$4,647,560          |
| Existing                           | \$5,233,484          |
| Savings                            | \$585,924 [2] 11.20% |
| Net Present Value Savings          | \$409,224 11.52%     |

Continued

# SUMMARY

## PRIVATE PLACEMENT CONTINUED

| AVERAGE ANNUAL DEBT SERVICE      |              |
|----------------------------------|--------------|
| 2011/12 thru 2021/22 – Refunding | \$410,806    |
| 2011/12 thru 2021/22 – Existing  | \$462,442    |
| 2011/12 thru 2021/22 - Savings   | \$51,636 [2] |
| 2022/23 thru 2024/25 - Refunding | \$42,899     |
| 2022/23 thru 2024/25 - Existing  | \$48,874     |
| 2022/23 thru 2024/25 - Savings   | \$5,975 [2]  |

[1] Rate is fixed for 10 years. After that, the City can payoff the loan, refinance the loan with another lender, or refinance the loan with the existing lender. The existing lender would offer to refinance the loan based on a similar term Treasury plus a spread. This rate would be calculated as of the date reset in 10 years. As of today, the reset rate for one year would be about .09% and the reset rate for four years would be about 3.37%. Therefore, we used a rate of 4.5% for the full term of the Side Fund obligation for this analysis.

[2] Based on a 4.5% rate for the entire term of the loan, the savings are \$51,636 per year for the first 11 years and \$5,975 per year for the last three years, or \$585,924 in total. However, the rate is only locked for the first 10 years, so the savings are only locked in for that time. The savings for the first 10 years are \$516,364 in total. The savings for the remaining 4 years will vary depending on the rate and reset/refinancing structure after year 10. Based on today's rate of 4.5%, the savings for the last 4 years are estimated at \$69,560 in total. Approx. \$586,000 of principal remains after year 10.

## Financing Structure

- General obligation of the agency from any legally available funds
- Liability that goes on balance sheet
- Collateral required on case-by-case basis depending on credit quality of the issuer
- Trust Indenture, resolution to approve financing and all related documents, CalPERS payoff letter

## Court Validation

- Debt Limit Entities (cities, counties, school districts) are required to get a court validation.
- Court is not validating legal principles but is validating the transaction itself and all related documents.
- Before validation action is filed, it is necessary for the issuer to adopt a resolution authorizing the transaction and approving all related documents, including the validation action.
- Validation action is filed in the superior court of the county in which the issuer is located. The validation process takes 90 days.
- Non-Debt Limit Entities (authorities, agencies, and special districts other than school districts) do not require validation action.

# Private Placement Refunding Timeline with Validation

## Timing

Week One

Kick-off conference call with financing team to discuss elements of the Side Fund refunding

Week Three

1<sup>st</sup> draft of documents due

Week Four

Comments on documents due

Week Five

Documents due for Agenda deadline

Week Six

Governing Body adopts resolution and authorizes bonds, validation action filed with superior court

Week Twelve

Validation judgment, 30-day appeal period begins

Week Sixteen

Appeal period ends, validation complete, close transaction

## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

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**CITY AGENDA ITEM:** Council Discussion and Direction Regarding the Development of a Fireworks Sales Ordinance.

---

**FISCAL IMPACT:** None at this time. Sales projections based on realistic scenarios indicate the sale of fireworks could generate \$80,000 or more annually for community events, specifically the annual July 4<sup>th</sup> celebration, in addition to a percentage for participating non-profit organizations.

---

**BACKGROUND:** On February 21, 2012, the City Council provided direction to staff regarding the development of an ordinance to allow the sale and use of state-certified fireworks within Suisun City limits. The Council also clarified its direction that the sale of fireworks should generate \$80,000 a year to provide an ongoing revenue source for the Independence Day Spectacular the City hosts annually on July 4.

---

**STAFF REPORT:** Staff has continued to analyze the fiscal aspects of the fireworks sales to determine how to reach the Council's revenue goal, and to design the associated ordinance to safeguard the community.

There are several elements of the ordinance on which the Council can provide direction to ensure the ordinance offered for introduction meets Council expectations. Those elements are:

- Qualifications of non-profits to sell fireworks.
- Operating hours for the stands.
- Limits on places and hours of fireworks discharge.
- Administrative fines and penalties.
- Fireworks wholesaler distribution agreement.

The Fire Chief is working to incorporate various best safety practices into the draft ordinance so Suisun City can benefit from lessons learned in other communities.

### **Qualifications of Non-Profits to Sell Fireworks**

In addition to creating a revenue stream for community events, fireworks sales would benefit Suisun City non-profit groups. Non-profit groups would be selected for a lottery selection process based upon the following priority criteria:

- Maintains a principal or permanent meeting place within Suisun City
- Benefits primarily youth
- Benefits primarily school activities
- Benefits community services or public safety functions

---

**PREPARED BY:**  
**REVIEWED/APPROVED BY:**

Scott T. Corey, Marketing Manager  
Suzanne Bragdon, City Manager

Qualified groups also would need to:

- Be an organized non-profit as defined by the State or IRS, be a group integral to such an organized non-profit (such as an auxiliary or booster group), or be an officially recognized organization of a school located in Suisun City.
- Have a primary charitable purpose of serving veterans, patriotic, welfare, civic betterment, religious, athletic, educational, youth development.
- Provide direct and regular community services within Suisun City.
- Not have been found in violation of civil or criminal laws within the past 24 months.
- Not had its fireworks sales permit revoked within the past 24 months.

### **Operating Hours of Stands**

Under state law, fireworks may only be sold between June 28 and July 6. Staff is proposing that sales start at noon on June 28, and end at 10 p.m. on July 4.

### **Limits on Places and Hours of Fireworks Discharge**

Areas where use of state-certified fireworks would be prohibited are:

- Locations prohibited by State law, Cal Fire or the State Fire Marshal.
- All City parks.
- The Waterfront Promenade.
- The entire event area used for the July 4<sup>th</sup> celebration, except for a specific area designated by the Fire Chief.
- Within 10 feet of a dwelling unit, commercial building, structure or sensitive habitat.
- Areas designated by the Fire Chief as posing a significant fire hazard.

Other restrictions include:

- Fireworks may only be used between 9 a.m. and 10 p.m. on days when sales are allowed.
- Fireworks must be used according to the safety directions for a particular device.

### **Administrative Fines and Penalties**

Possession and use of illegal and dangerous fireworks is a continuing concern within the community. The ordinance would include an aggressive administrative fine program designed to deter use of illegal fireworks and the improper use of state-certified fireworks. Based on previous Council direction, the fines would be as follows:

Possession or use of illegal fireworks:

| <b>Number of offenses in one-year period</b> | <b>Amount of Administrative Penalty</b> | <b>of Late Charge</b> | <b>Total Amount of Penalty plus Late Charge</b> |
|--|---|-----------------------|---|
| First  | \$ 2,500                                | \$ 150                | \$ 2,650  |
| Second                                       | \$ 5,000                                | \$ 250                | \$ 5,250  |
| Third  | \$ 10,000                               | \$ 500                | \$ 10,500                                       |

Illegal use of state-certified fireworks:

| <b>Number of offense in 1 year period</b> | <b>Amount of Administrative Penalty</b> | <b>Late Charge</b> | <b>Total Amount of Penalty plus Late Charge</b> |
|---|---|--------------------|---|
| First                                     | \$ 250                                  | \$ 50              | \$ 300  |
| Second                                    | \$ 500                                  | \$ 100             | \$ 600  |
| Third                                     | \$ 750                                  | \$ 200             | \$ 950  |

The administrative fines would be in addition to any other legal remedies, including confiscation of fireworks materials and charges for safe disposal.

### **Fireworks Wholesaler Distribution Agreement**

The ordinance would empower the City Manager to negotiate a distribution agreement with fireworks wholesalers operating within the community. One aspect of such an agreement would be financial terms to ensure sufficient revenues to pay of ongoing community events, particularly the Independence Day Spectacular. Staff is continuing to analyze how to best structure such an agreement to reach the Council's objectives. Additional information regarding this aspect may be presented at the Council meeting.

### **Timeline**

Based on the feedback generated, staff proposes to return on March 20, 2012, for the first reading of an ordinance to allow safe and sane fireworks sales. If all goes smoothly, the second reading would be scheduled for April 3, 2012, and the Ordinance would be effective May 3, 2012. After the first reading, staff would initiate outreach efforts to area non-profits.

---

**RECOMMENDATION:** It is recommended that the City Council discuss the options related to drafting an ordinance to allow safe and sane fireworks sales, and provide staff with appropriate direction.

## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

---

**CITY AGENDA ITEM:** Council Discussion and Direction Regarding the Independence Day Spectacular for July 4, 2012, and future years.

---

**FISCAL IMPACT:** None at this time. Several options are being explored to fund this activity without General Fund support.

---

**BACKGROUND:** In adopting the FY 2011-12 Annual Budget in response to the State's decision to eliminate redevelopment agencies across the state, the City Council reduced funding for City-sponsored events, including the annual Independence Day Spectacular held on July 4<sup>th</sup>. In November, the Council appointed an Ad Hoc Committee to examine methods of funding future community events.

---

**STAFF REPORT:** The Ad Hoc Committee has met nearly weekly since it was appointed to determine methods of funding community events. The committee has had a particular focus on the Independence Day Spectacular because it is the single largest event the City hosts annually. The Committee set an initial fund-raising goal of \$50,000 to provide base funding for the event with the intention of then launching a broad community fund-raising effort to generate a balance of roughly \$30,000. To date, the Committee has garnered pledges totaling \$29,500 from community-minded corporations and groups in the region. Appropriate paperwork has been filed to form a non-profit foundation capable of processing and accounting for donations for community events. The Committee is not comfortable relying on the General Fund to pay for event costs, given fiscal challenges facing the City resulting from the closure of the Redevelopment Agency. The Committee also concluded that relying on potential revenue from fireworks sold in 2012 would be both speculative and result in a similar funding shortfall position in 2013; the interest is to have a self-sustaining, ongoing funding source for future pyrotechnics shows beginning in 2013, which conceivably could be sales of state-certified fireworks.

On February 7, 2012, the City Council asked the Committee to return on March 6, 2012, for further discussion of the Independence Day Spectacular event for July 4, 2012. The Committee offers the following options for Council discussion and direction:

1. Cancel the event for 2012 to focus all efforts on the 2013 event.
2. Continue the current fund-raising model for some designated period of time to see if outstanding requests for support garner additional funding pledges before starting a broad-based community fund-raising effort.
3. Launch a broad-based community fund-raising effort concurrent with the corporate sponsorship outreach.

---

**PREPARED BY:**  
**REVIEWED/APPROVED BY:**

Scott T. Corey, Marketing Manager  
Suzanne Bragdon, City Manager

If the Council direction is to pursue Option 3 above, the Committee would start immediately to prepare a fund-raising strategy and to recruit volunteers for individual tasks to assess the viability before launching the campaign. With regard to the community-outreach effort, if sufficient funds are not secured for a July 4, 2012 event, donors would be advised that their donations would be used for special community events in general.

---

**RECOMMENDATION:** It is recommended that the City Council discuss the Independence Day Spectacular for July 4, 2012, and future years, and provide staff with appropriate direction.

## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

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**CITY AGENDA ITEM:** Council Adoption of Resolution No. 2012-\_\_\_: Affirming its Intent to Conform with the Reimbursement Agreements Requiring the Former Redevelopment Agency of the City of Suisun City to Repay the City for All Lease Payments Associated with the Financing of the Civic Center Project.

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**FISCAL IMPACT:** Pursuant to Reimbursement Agreements (dated November 1, 1987, June 1, 1993, and April 1, 2004), the Former Redevelopment Agency of the City of Suisun City is responsible for reimbursing the City for all lease payments required to be paid from the City of Suisun City to the Suisun City Public Financing Authority relating to a Certificate of Participation (COP) lease financing of the Suisun City Civic Center. The City may, at its discretion, waive such repayments from the Agency. The total amount of lease payments due pursuant to the lease is \$7,383,826. The Agency has repaid the City a total of \$3,867,080 up to this point. Thus, the City is entitled of repayment up to \$3,231,623, as payments from interest income associated with reserves have totaled \$285,123.

Pursuant to AB 1X26 (AB 26), the Redevelopment Agency of the City of Suisun City was dissolved as of February 1, 2012. However, the City Council acting as the Successor Agency to the Redevelopment Agency of the City of Suisun City is responsible for carrying out the orderly wind down of the Agency, subject to the review of an Oversight Board. To the extent required by applicable law, excluding outcomes of current litigation or legislative remedies, approval by the Oversight Board is required before the City receives any further payments pursuant to this agreement. The resolution associated with this item provides clear intent of the City to be repaid for all lease payments pursuant to the Reimbursement Agreements, and puts the City in the best position to receive all lease repayments.

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**STAFF REPORT:** The Agency executed Reimbursement Agreements (dated November 1, 1987, June 1, 1993, and April 1, 2004) to which the Agency agreed to reimburse the City for all of the moneys paid as lease payments in connection with lease financing of the Suisun City Civic Center. The City of Suisun City advanced funds from its Municipal Facilities Fund, with the anticipation of repayment pursuant to the Reimbursement Agreements, relating to the financing and construction of the Suisun City Civic Center Project.

The anticipated total lease payments relating to the financing of the Suisun City Civic Center will total \$7,383,826. Pursuant to the Reimbursement Agreements, the City may, in its discretion, waive repayments required of the Agency. The reimbursement made by the Agency to the City has been limited to fifty percent (50%) of the total debt, in order to ensure sufficient working capital for the Agency in any fiscal year. Until a formal payment schedule was adopted in January 2011, the repayments to the City were handled through the budget process. However, in light of the elimination of Redevelopment Agencies pursuant to AB 26, and in light of the

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, City Manager

Reimbursement Agreements contemplating the Agency to “repay the City for all Lease Payments” relating to the Civic Center financing, adopting a resolution affirming the intent of the City to be repaid in full pursuant to the Reimbursement Agreements is consistent with sound fiscal management practices for the City. Specifically, while the City may, in its discretion, waive such payments, waiving payments would deplete the Municipal Facilities Improvement Fund, jeopardizing future municipal projects and capital asset replacements (future fire station, replacement of public works vehicles and assets, public safety vehicles and assets). Thus, adopting the resolution is a prudent step to clearly state the intent of the City to receive full repayment to the extent permitted by applicable law.

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**STAFF RECOMMENDATION:** It is recommended that the City Council adopt Resolution No. 2012-\_\_\_: Affirming its Intent to Conform with the Reimbursement Agreements Requiring the Former Redevelopment Agency of the City of Suisun City to Repay the City for All Lease Payments Associated with the Financing of the Civic Center Project.

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**ATTACHMENTS:**

1. Council Resolution No. 2012-\_\_\_: Affirming its Intent to Conform with the Reimbursement Agreements Requiring the Former Redevelopment Agency of the City of Suisun City to Repay the City for All Lease Payments Associated with the Financing of the Civic Center Project.
2. Reimbursement Agreements.

**RESOLUTION NO. 2012 - \_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUISUN CITY AFFIRMING ITS INTENT TO CONFORM WITH THE REIMBURSEMENT AGREEMENTS REQUIRING THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY TO REPAY THE CITY FOR ALL LEASE PAYMENTS ASSOCIATED WITH THE FINANCING OF THE CIVIC CENTER PROJECT**

**WHEREAS**, in connection with the original financing of the construction of the Suisun City Civic Center (“Improvements”) the City of Suisun City (the “City”) executed Reimbursement Agreements (dated November 1, 1987, June 1, 1993, and April 1, 2004), pursuant to which the Redevelopment Agency of the City of Suisun City (the “Agency”) agreed to repay the City for all lease payments required to be made by the City; and

**WHEREAS**, the Agency and the City Council determined at such time and hereby confirm the Improvements are essential to redevelopment of the areas included within the Redevelopment Project area and have a general benefit to the City and its residents; and

**WHEREAS**, the Redevelopment Agency of the City of Suisun City was dissolved as of February 1, 2012, pursuant to AB 1X26, and the dissolution process associated with Agency obligations and assets is carried out by the City of Suisun City acting as the Successor Agency to the Redevelopment Agency of the City of Suisun City; and

**WHEREAS**, to the extent required by applicable law and excluding any outcomes of current litigation or legislative remedies, the Reimbursement Agreements would require approval of the Oversight Board in order for the City to receive payments; and

**WHEREAS**, historically, the reimbursement made by the Redevelopment Agency to the City has been limited to fifty percent (50%) of the total debt under the assumption that the Agency has generated approximately fifty percent (50%) of the additional costs to serve the City since the Agency was created; and

**WHEREAS**, the Reimbursement Agreements provides that the Agency is to repay the City for all lease payments, unless the City, at its discretion waives such payments.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Suisun City hereby affirms its intent to conform with the Reimbursement Agreements, and to be repaid for all lease payments made by the City pursuant to the Reimbursement Agreements.

**PASSED AND ADOPTED** at regular meeting of the City Council of the City of Suisun City held on Tuesday, the 6<sup>th</sup> of March 2012, by the following vote:

**AYES:** COUNCILMEMBERS: \_\_\_\_\_  
**NOES:** COUNCILMEMBERS: \_\_\_\_\_  
**ABSTAIN:** COUNCILMEMBERS: \_\_\_\_\_  
**ABSENT:** COUNCILMEMBERS: \_\_\_\_\_

**WITNESS** my hand and the seal of the City of Suisun City this 6<sup>th</sup> of March, 2012.

\_\_\_\_\_  
Linda Hobson, CMC  
City Clerk

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# **REIMBURSEMENT AGREEMENT**

**Dated as of April 1, 2004**

**by and between**

**REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY**

**and the**

**CITY OF SUISUN CITY**

**With respect to**

**\$2,490,000**  
**2004 Refunding Certificates of Participation**  
**(City of Suisun City--Civic Center Project)**

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## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of April 1, 2004, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY, a public body corporate and politic ("Agency"), and the CITY OF SUISUN CITY, a general law city and municipal corporation ("City");

### WITNESSETH:

**WHEREAS**, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with redevelopment activities necessary for the implementation of the Suisun City Redevelopment Project (the "Redevelopment Project") under the provisions of the California Community Redevelopment Law (the "Law") and pursuant to the Redevelopment Plan for the Project (the "Redevelopment Plan");

**WHEREAS**, the Redevelopment Plan for the Redevelopment Project provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California;

**WHEREAS**, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Redevelopment Project, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to the Redevelopment Project;

**WHEREAS**, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years;

**WHEREAS**, City proposes to refinance its obligations with respect to the construction of the Suisun City Civic Center (the "Improvements");

**WHEREAS**, in connection with the original financing of the Improvements the Agency agreed to provide for reimbursement to the City of all or a portion of the moneys paid as lease payments under a lease agreement entered into between the City and the Agency and, in furtherance thereof, the City and the Agency made such findings and conducted such public hearings as were necessary at such time to comply with the provisions of Sections 33445 and 33679 of the California Health and Safety Code;

**WHEREAS**, the Agency and the City Council determined at such time and hereby confirm that the Improvements are essential to redevelopment of the areas included within the Redevelopment Project and have a general benefit to City and its residents;

**WHEREAS**, the parties hereto, in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for reimbursement to the City of all or a portion of the moneys paid as Lease Payments under the Lease Agreement, entered into between the

City and the Suisun City Public Financing (the "Authority") providing for the lease by the City of the Improvements from the Authority;

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

**1. Definitions.** Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

"Agency" means the Redevelopment Agency of the City of Suisun City, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

"Authority" means the Suisun City Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

"City" means the City of Suisun City, California, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Civic Center" means the existing Suisun City Civic Center, together with the site thereof, as described in Exhibits B and C to the Lease Agreement.

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

"Lease Payments" means all amounts paid or to be paid by the City as lease payments pursuant to the Lease Agreement.

"Lease Agreement" means that certain lease entitled "Lease Agreement" by and between the Authority, as lessor, and the City, as lessee, of the Project, dated as of April 1, 2004.

"Redevelopment Project" means the Suisun City Redevelopment Project of the Agency.

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Redevelopment Project, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding any amounts required to be used to improve the community's supply of low or moderate income housing pursuant to Section 33334.2 of the Law (or any successor or related Section of the Law).

**2. Reimbursement.** Subject to pledges of Tax Increment Revenues heretofore or hereafter made by the Agency, to the extent necessary but only to the extent available in any fiscal year, the Agency hereby agrees to make payments from Tax Increment Revenues to repay the City for all Lease Payments required to be made by the City to the Authority under the Lease Agreement, including the principal and interest components thereof. In the event the Agency

does not have sufficient Tax Increment Revenues in a particular year to make such payment or any portion thereof, the City agrees to allow the Agency to carry the balance forward until there is sufficient Tax Increment Revenues available to meet said obligation or the City may, in its discretion, waive such payment(s). The earliest payments carried forward shall be paid first from available Tax Increment Revenues and then the next payments due, until the Agency has come current with the required payment schedule.

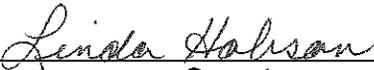
**3. Term.** The term of this Reimbursement Agreement shall commence on the date of recordation of the Lease Agreement in the Office of the County Recorder of Solano County, State of California, and shall end on November 1, 2015, unless the term of the Lease Agreement is extended or sooner terminated as provided therein. If, on November 1, 2015, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Reimbursement Agreement shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than November 1, 2025. If, prior to November 1, 2015, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Reimbursement Agreement shall end on such earlier date.

IN WITNESS HEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

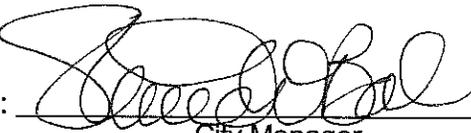
**REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY**

By:   
Executive Director

Attest:

  
Secretary

**CITY OF SUISUN CITY**

By:   
City Manager

Attest:

  
City Clerk

29080-09

JHW:BDQ:rhc

12/28/92

03/24/93

ACH:zdg

06/21/93

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**REIMBURSEMENT AGREEMENT**

**by and between**

**REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY**

**and the**

**CITY OF SUISUN CITY, CALIFORNIA**

**Dated as of June 1, 1993**

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**(1993 Civic Center Refunding Project)**

## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of June 1, 1993, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY, a public body corporate and politic ("Agency"), and the CITY OF SUISUN CITY, a general law city and municipal corporation ("City");

### WITNESSETH:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with redevelopment activities necessary for the implementation of the Suisun City Redevelopment Project (the "Redevelopment Project") under the provisions of the California Community Redevelopment Law (the "Law") and pursuant to the Redevelopment Plan for the Project (the "Redevelopment Plan");

WHEREAS, the Redevelopment Plan for the Redevelopment Project provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the California Health and Safety Code and Section 16 of Article XVI of the Constitution of the State of California;

WHEREAS, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Redevelopment Project, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to the Redevelopment Project;

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years;

WHEREAS, City proposes to refinance its obligations with respect to the construction of the Suisun City Civic Center (the "Improvements");

WHEREAS, in connection with the original financing of the Improvements the Agency agreed to provide for reimbursement to the City of all or a portion of the moneys paid as lease payments under a lease agreement entered into between the City and the Agency and, in furtherance thereof, the City and the Agency made such findings and conducted such public hearings as were necessary at such time to comply with the provisions of Sections 33445 and 33679 of the California Health and Safety Code;

WHEREAS, the Agency and the City Council determined at such time and hereby confirm that the Improvements are essential to redevelopment of the areas included within the Redevelopment Project and have a general benefit to City and its residents;

WHEREAS, the parties hereto, in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for reimbursement to the City of all or a portion of the moneys paid as Lease Payments under the Lease Agreement, entered into between the City and

the Suisun City Public Financing (the "Authority") providing for the lease by the City of the Improvements from the Authority;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto, as follows:

*Section 1. Definitions.* Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

"Agency" means the Redevelopment Agency of the City of Suisun City, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

"Authority" means the Suisun City Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

"City" means the City of Suisun City, California, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Civic Center" means the existing Suisun City Civic Center, together with the site thereof, as described in Exhibits B and C to the Lease Agreement.

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

"Lease Payments" means all amounts paid or to be paid by the City as lease payments pursuant to the Lease Agreement.

"Lease Agreement" means that certain lease entitled "Lease Agreement" by and between the Authority, as lessor, and the City, as lessee, of the Project, dated as of June 1, 1993.

"Redevelopment Project" means the Suisun City Redevelopment Project of the Agency.

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Redevelopment Project, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding any amounts required to be used to improve the community's supply of low or moderate income housing pursuant to Section 33334.2 of the Law (or any successor or related Section of the Law).

*Section 2. Reimbursement.* Subject to pledges of Tax Increment Revenues heretofore or hereafter made by the Agency, to the extent necessary but only to the extent available in any fiscal year, the Agency hereby agrees to make payments from Tax Increment Revenues to repay the City for all Lease Payments required to be made by the City to the Authority under the Lease Agreement, including the principal and interest components thereof. In the event the Agency does

not have sufficient Tax Increment Revenues in a particular year to make such payment or any portion thereof, the City agrees to allow the Agency to carry the balance forward until there is sufficient Tax Increment Revenues available to meet said obligation or the City may, in its discretion, waive such payment(s). The earliest payments carried forward shall be paid first from available Tax Increment Revenues and then the next payments due, until the Agency has come current with the required payment schedule.

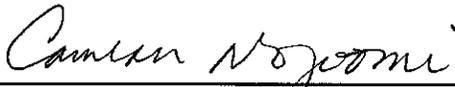
*Section 3. Term.* The term of this Reimbursement Agreement shall commence on the date of recordation of the Lease Agreement in the Office of the County Recorder of Solano County, State of California, and shall end on November 1, 2015, unless the term of the Lease Agreement is extended or sooner terminated as provided therein. If, on November 1, 2015, the aggregate amount of Lease Payments shall not have been paid, or provision shall not have been made for their payment, then the term of this Reimbursement Agreement shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to November 1, 2015, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Reimbursement Agreement shall end on such earlier date.

IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

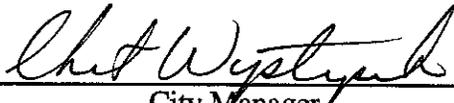
REDEVELOPMENT AGENCY OF THE CITY  
OF SUISUN CITY

By:   
Chairman

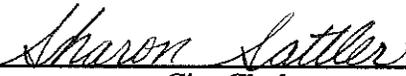
Attest:

  
Executive Director

CITY OF SUISUN CITY, CALIFORNIA

By:   
City Manager

Attest:

  
City Clerk

## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of November 1, 1987, by and between the Redevelopment Agency of the City of Suisun City (the "Agency") and the City of Suisun City (the "City");

### W I T N E S S E T H:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California and pursuant to such laws has duly proceeded with the Suisun City Redevelopment Project Area (the "Project Area") within the City; and

WHEREAS, the redevelopment plan, as amended, for said Project Area provides for tax increment financing in accordance with the provisions of Chapter 6, Part 1 of Division 24 of the Health and Safety Code of the State of California and Section 16 of Article XVI of the Constitution of the State of California; and

WHEREAS, the Agency is authorized, with the consent of the City Council of the City, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure or other improvements which are publicly owned within the Project Area, upon a determination by the Agency and said City Council that such buildings, facilities, structures or other improvements are of benefit to said Project Area; and

WHEREAS, when the value of such land or the cost of the installation and construction of such building, facility, structure or other improvement, or both, has been or will be paid or provided for initially by the City, the Agency may enter into a contract with the City under which it agrees to reimburse the City for all or part of the value of such land or all or part of the cost of such building, facility, structure or other improvement, or both, by periodic payments over a period of years; and

WHEREAS, the obligation of the Agency under such contract shall constitute an indebtedness of the Agency for the purpose of carrying out the redevelopment project for such Project Area, which indebtedness may be made payable out of taxes levied in such Project Area and allocated to the Agency under subdivision (b) of Section 33670 of the Health and Safety Code of the State of California, or out of any other available funds; and

WHEREAS, the City and the Agency have undertaken the construction of a new civic center facility (the "Project") which will be of substantial benefit to the Project Area; and

WHEREAS, the parties hereto in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for repayment to the City of a portion of the moneys paid as Lease Payments under and as defined in the Lease Agreement (as hereinafter defined), entered into between the Agency and the City providing for the lease by the City of the Project and the site on which it is to be located (the "Site") from the Agency;

NOW, THEREFORE, in consideration of the mutual covenants herein contained it is agreed by and between the parties hereto as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Reimbursement Agreement and of any amendment hereto, and of any certificate, opinion, estimate or other document herein mentioned, have the meanings herein specified. Any capitalized term not defined herein shall have the meaning given to such term in the Lease Agreement.

Agency

"Agency" means the Redevelopment Agency of the City of Suisun City, a redevelopment agency and public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California.

City

"City" means the City of Suisun City, a general law city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California.

Law

"Law" means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California and the acts amendatory thereof and in supplement thereto. Whenever reference is made in this Reimbursement Agreement to the Law, reference is made to the Law as in force on the date of the execution of this Reimbursement Agreement, unless the context otherwise requires.

Lease Agreement

"Lease Agreement" means that certain lease entitled "Lease Agreement" by and between the Agency, as lessor, and the City, as lessee, of the Project and the Site, dated as of November 1, 1987.

Lease Payments

"Lease Payments" means all amounts paid by the City as lease payments for the use and possession of the Project pursuant to Section 4.4 of the Lease Agreement.

Project

"Project" means the new civic center and related facilities, as described in Exhibit C to the Lease Agreement and herein determined to be of substantial benefit to the Project Area.

Project Area

"Project Area" means the Suisun City Redevelopment Project Area.

### Tax Increment Revenues

"Tax Increment Revenues" means all taxes allocated to, and paid into a special fund of the Agency for the Project Area pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the redevelopment plan for the Project Area, including all payments and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding any amounts required to be paid to other taxing agencies under contracts dated prior to November 1, 1987, pursuant to Section 33401 of the Law.

### Trust Agreement

"Trust Agreement" means that certain agreement entitled "Trust Agreement" by and among the City, the Agency and the Trustee, dated as of November 1, 1987.

### Trustee

"Trustee" means The Bank of California, N.A. or any other entity then performing the function of Trustee under the Trust Agreement.

Section 2. Reimbursement. Subject to pledges of Tax Increment Revenues made by the Agency prior to the date hereof, the Agency and the City agree that to the extent necessary, Tax Increment Revenues shall be used and applied to repay the City for all Lease Payments made by the City to the Agency under the Lease Agreement in an amount of not less than \$25,000 per fiscal year and not greater than the total amount of Lease Payments due under the Lease Agreement. This Reimbursement Agreement may be amended from time to time by the parties hereto (1) to subordinate the Agency's obligations hereunder to any other obligations issued or incurred or to be issued or incurred by the Agency, or (2) for any other purposes and with any other effect whatsoever.

In the event the Agency does not have sufficient Tax Increment Revenues in a particular year to make such payment or any portion thereof, the City agrees to allow the Agency to carry the balance forward until there is sufficient Tax Increment Revenues available to meet said obligation or the City may in its discretion waive such payment(s). The earliest payments carried forward shall be paid first from available Tax Increment Revenues and then the next payments due, until the Agency has come current with the required payment schedule.

Section 3. Public Hearing. No Tax Increment Revenues shall be used and applied pursuant to this Reimbursement Agreement unless and until there shall have been compliance with the public hearing requirements of Section 33679 of the Law.

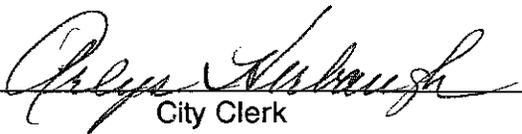
IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first above written.

CITY OF SUISUN CITY

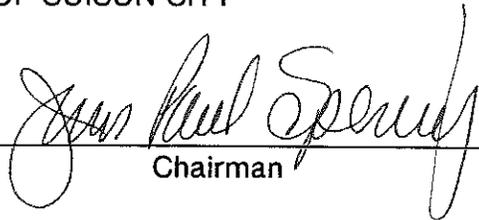
By:   
Mayor

(SEAL)

Attest:

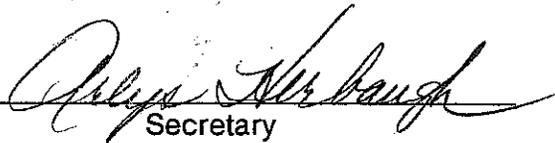
  
City Clerk

REDEVELOPMENT AGENCY OF THE  
CITY OF SUISUN CITY

By:   
Chairman

(SEAL)

Attest:

  
Secretary

## AGENDA TRANSMITTAL

**MEETING DATE:** March 6, 2012

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**SUCCESSOR AGENCY AGENDA ITEM:** Receive and Accept a Draft of the Initial Recognized Obligation Payment Schedule and a Draft of the Proposed Administrative Budget For the Successor Agency to the Redevelopment Agency of the City of Suisun City.

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**FISCAL IMPACT:** Funding for the Successor Agency is provided by an Administrative Cost Allowance, real property tax trust fund proceeds, and fund balances of the former Redevelopment Agency.

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**BACKGROUND:** As part of the State's 2011-2012 budget bills, the California Legislature adopted, and the Governor signed, AB 1X26 (AB 26) and AB 1X27 (AB 27) into law on June 29, 2011. The constitutionality of AB 26 and AB 27 was challenged, and on December 29, 2011, the California Supreme Court ruled that AB 27 was unconstitutional and AB 26 is constitutional, essentially resulting in the elimination of redevelopment agencies throughout the State of California. In upholding AB 26, the Court generally extended by four months the implementation deadlines occurring prior to May 1, 2012. As a result, the City of Suisun City Redevelopment Agency was dissolved on February 1, 2012, with the City of Suisun City taking on the role of the Successor Agency (the "Agency") assuming responsibility to wind-down the Redevelopment Agency's operations, as proscribed in the California Health and Safety Code.

On January 31, 2012, the former Redevelopment Agency of the City of Suisun City adopted and submitted an Enforceable Obligation Payment Schedule (EOPS) to the City of Suisun City Successor Agency. The EOPS lists all of the Agency's obligations that have to be paid through December 31, 2011, and includes items such as debt service on bonds or other loan payments, pass-through payments, employee costs, audit costs, project costs, and administrative costs. The Agency can only make payments on an obligation listed on the EOPS until the Initial Recognized Obligation Payment Schedule is certified by an audit directed by the Solano County Auditor-Controller and submitted to and duly approved by the Agency's Oversight Board.

In addition, pursuant to AB 26, the Agency is required to prepare a proposed administrative budget and submit it to the Oversight Board for Approval.

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### **STAFF REPORT:**

#### **Draft Initial Recognized Obligation Payment Schedule (IROPS)**

The IROPS will not become effective until no later than May 1, 2012 (after the audit, Oversight Board approval, and submittal to State). The IROPS must be submitted to the State Controller and State Department of Finance (as certified by audit and approved by Oversight Board) by April 15, 2012. The IROPS is not required to be adopted by the Successor Agency. Until the IROPS becomes effective the Agency is required to pay only the obligations listed on the EOPS that was submitted to the Agency on January 31, 2012. The draft IROPS is essentially the same document as the Preliminary Draft Recognized Obligation Payment Schedule adopted by the Redevelopment Agency and submitted to the Successor Agency on January 31, 2012. Staff has updated the IROPS on the latest recommended format and is submitting with the following amendments relative to the PDROPS:

- Updated amounts estimated to be expended each month.
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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

- The loan with the Department of Boating and Waterways has been renamed the Marina Construction Loan (previously named Marina Expansion Loan).
- A boating tax listed as a pass through payment on the EOPS has been eliminated.
- Unexpended bond proceeds have been added as obligations.
- The total outstanding balance on the Civic Center COP item has been updated.

A Recognized Obligation Payment Schedule will be prepared for each six-month fiscal period. Thus, the next ROPS will cover the period between July 1, 2012 and December 31, 2012.

Pursuant to Health & Safety Code § 34178(a), even if an agreement between the City and former Agency is invalidated for any reason, through the operation of AB 26 the Successor Agency may re-enter into that agreement after obtaining approval from the Oversight Board.

### **Proposed Administration Budget**

The Agency is also required to prepare and submit a proposed administrative budget to the Oversight Board for its approval. The administrative budget must include the following pursuant to AB 26:

- Estimated amounts for Agency administrative costs for the upcoming six-month fiscal period.
  - Identify proposed sources of payment.
- Proposals for arrangements of administrative and operational services provided by the City.

The proposed draft of the administrative budget is driven by the costs listed on the IROPS. The proposed draft budget is segregated into two components; Administrative Costs and Debt Service/Other Enforceable Obligations. The Administrative Costs will be paid out of an Administrative Cost Allowance, which is anticipated to be \$250,000 (the minimum identified in AB 26). The Debt Service/Other Enforceable Obligations will be funded by Redevelopment Property Tax Trust Fund (former tax increment) or fund balances.

The administrative costs consist of a proposed staffing total of 2.8 full time equivalent employees, xx% of the former Redevelopment Agency's contribution to the City's Cost Allocation Plan, and the remainder of the admin costs contained in a general administrative cost line item. The proposed administrative costs were derived from the adopted budget of the former Redevelopment Agency and modified based on the relatively limited operations of the Successor Agency compared to the former Redevelopment Agency. For instance, the former Redevelopment Agency employed 8.4 full time equivalent positions. From February 1, 2012 through June 30, 2012, staff is recommending the Successor Agency utilize 2.8 full-time equivalent positions. As the Successor Agency matures, it is anticipated less staffing will be required, and amendments to the budget will be required. The debt service and enforceable obligations contained in the budget are based on contractual obligations and are consistent with the amounts contained in the IROPS. Changes are anticipated to the proposed draft of the budget as the implementation of AB 26 moves forward.

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**RECOMMENDATION:** It is recommended that the Successor Agency receive and accept the Draft of the Initial Recognized Obligation Payment Schedule, as well as the draft of the Proposed Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Suisun City.

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### **ATTACHMENTS:**

1. Draft IROPS.
2. Draft Proposed Administrative Budget.