

**MINUTES OF THE JOINT SPECIAL MEETING OF MADERA CITY COUNCIL, REGULAR MEETING OF THE MADERA CITY COUNCIL AS THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, AND SPECIAL MEETING OF THE MADERA CITY COUNCIL AS THE SUCCESSOR HOUSING AGENCY, CITY OF MADERA, CALIFORNIA**

March 14, 2018  
6:00 p.m.

City Hall  
Council Chambers

**1. CALL TO ORDER**

Mayor Andrew Medellin opened the Regular Meeting of the City Council and the Special Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 6:00 p.m. and called for the roll call.

**ROLL CALL**

Present: Mayor Andrew J. Medellin  
Mayor Pro-Tem Jose Rodriguez  
Council Member Cecelia K. Foley Gallegos  
Council Member William Oliver  
Council Member Derek O. Robinson Sr.  
Council Member Charles F. Rigby  
Council Member Donald E. Holley

Absent: None

Successor Agency staff members present: Executive Director Bob Wilson, City Attorney Brent Richardson, Agency Treasurer Tim Przybyla and Recording Secretary Claudia Mendoza.

City of Madera staff members present: City Administrator Steve Frazier.

**INVOCATION**

Pastor Fred Thurman, New Life Assembly

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor Andrew Medellin.

**PUBLIC COMMENT – REGULAR SESSION**

The first fifteen minutes of the meeting are reserved for members of the public to address the Council/Agency on items which are within the subject matter jurisdiction of the Council/Agency. Speakers shall be limited to three minutes. Speakers will be asked to identify themselves and state the subject of their comment. If the subject is an item on the Agenda, the Mayor has the option of asking the speaker to hold the comment until that item is called. Comments on items listed as a Public Hearing on the Agenda should be held until the hearing is opened. The Council/Agency are prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Council/Agency does not respond to public comment at this time.

*No comments were offered and Mayor Medellin closed the Public Comment portion of the meeting.*

## **PRESENTATIONS**

No Presentations were given.

## **INTRODUCTIONS**

There are no items for this section.

## **2. WORKSHOP**

There are no items for this section.

## **ANNOUNCEMENT BY SECRETARY**

Per Government Code Section 54957.5, members of the public are advised, that less than 72 hours prior to this evening's meeting, amended resolution for Item 3G was provided to Council and staff. If you wish to obtain a copy of this item, it is located on the podium. Thank you.

## **3. CONSENT CALENDAR**

- 3A. Minutes of the Joint Meeting of the Regular Meeting of the Madera City Council, Special Meeting of the City Council as the Successor Agency to the former Madera Redevelopment Agency and Special Meeting of the Successor Housing Agency – February 14, 2018 (City/Successor Agency/Successor Housing Agency)**
- 3B. Listing of Warrants Issued from February 1, 2018 to February 28, 2018 (Successor Agency)**
- 3C. Monthly Financial Reports – Successor Agency (Successor Agency)**
- 3D. Monthly Financial Reports – Code Enforcement (City)**
- 3E. Consideration of a Resolution Approving the List of Authorized Signers for the Account of the City of Madera as Successor Agency to the former Madera Redevelopment Agency (Agency) and Directing that No Less than Two Authorized Signers Shall Approve Payments from the Agency's Bank Account (Successor Agency)**
- 3F. Consideration of a Resolution Approving Certain Officers to Order the Deposit or Withdrawal of Monies in the Local Agency Investment Fund (LAIF) (Successor Agency)**
- 3G. Consideration of Resolutions Authorizing the Mayor or Executive Director to Accept the Conveyance of Real Property on Behalf of the Successor Agency and Successor Housing Agency (Successor Agency/Successor Housing Agency)**
- 3H. Consideration of Resolutions Approving Amendments to the Successor Housing Agency and Successor Agency to the Former Madera Redevelopment Agency FY 2017/2018 Budgets (Successor Agency/Successor Housing Agency)**

Mayor Medellin asked members of the council if there were any items on the Consent Calendar they wished to have pulled for further discussion. There were none.

*On motion by Council Member Holley seconded by Council Member Robinson on the Consent Calendar was approved unanimously as presented by the following 7/0 vote: Ayes: Council Members Medellin, Rodriguez, Robinson, Foley Gallegos, Rigby, Oliver and Holley; Noes: None; Absent: None; Abstain: None; Resulting in the unanimous approval of the Minutes of the Joint Meeting of the Special Meeting of the Madera City Council, Regular Meeting of the City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Successor Housing Agency for February 14, 2018 and resolutions SA 18-08, SA 18-09, SA 18-10, SHA 18-02, SA 18-11 and SHA 18-03.*

#### **4. PROJECTS AND REPORTS**

##### **4A. Consideration of a Resolution of the City Council of the City of Madera as the Successor Agency to the Former Madera Redevelopment Agency of the City of Madera Approving the Issuance of Refunding Bonds in Order to Refund Certain Outstanding Bonds of the Former Madera Redevelopment Agency, Approving the Execution and Delivery of an Indenture of Trust and Refunding Instructions, Approving the Sale of the Refunding Bonds to an Underwriter, and Providing for Other Matters Properly Relating Thereto (Successor Agency)**

Executive Director Bob Wilson stated that this is a continuation of our refunding process. Ken Dieker with Del Rio Advisors and Nicky Tallman with Brandis Tallman LLC are in attendance tonight. Mr. Dieker will provide presentation to Council and staff.

Ken Dieker stated that this is the first of a couple of opportunities the Successor Agency Board will have to approve this refunding. Tonight the Agency Board will be approve the base form of the legal documents and he will go over the Refunding Plan and Savings Analysis, which is a required document. As the Municipal Advisor he has to certify to the Successor Agency Board, the Oversight Board and the Department of Finance (DOF) that this is a viable refunding.

Mr. Dieker reported that there is four outstanding series of bonds that are going to be refunded. 1998 Tax Allocation Bonds is \$5.4 million remaining. 2003 Tax Allocation Refunding and Redevelopment Project Bonds is \$13.35 million outstanding. Subordinate Tax Allocation Bonds, Series 2008A \$22.2 million outstanding. Housing Set-Aside Subordinate Tax Allocation Bonds, Series 2008B is \$3.3 million outstanding.

Mr. Dieker reported the refunding plan is to refund all of the outstanding obligations for significant economic savings. We are going to refund a portion of two the series as federally taxable because there is some unspent bond proceeds related to those transactions. Security for the bonds will be a gross pledge of Redevelopment Property Tax Trust Fund (RPTTF) revenues. Through the ROPS process the County collects the property taxes and distributes through the RPTTF to the taxing entities. We have determined that 28.77% of all of the annual savings will come to the General Fund as unrestricted property tax revenue. We are going to seek an investment grade rating, bond insurance and a surety for the reserve fund. Usually with these transactions you would fund a cash reserve fund that sits aside in a pot in the event of a potential default and the insurance company will provide you a policy so you do not have to fund that. This will increase your cash flow savings. If the Successor Agency Board approves this tonight, it will go to the Oversight Board. If the Oversight Board approves the refunding. It will move the documentation to Madera County Administrative Officer, Madera County Auditor-Controller and State of California Department of Finance. The Department of Finance has five days to reply that they will review the refunding and sixty days to reply with formal approval or denial. In the meantime while the Department of Finance is reviewing the documents, the Disclosure Counsel prepares the official statement. Successor Agency Board will have another chance to approve the official statement on May 9<sup>th</sup>. We will update you with market conditions at the time.

Mr. Dieker presented two options:

##### **Level Savings (Option 1)**

Over the term of the bonds there is \$8.6 million in total savings that will be realized by the Successor Agency and all of the taxing entities. That would equate to \$6.3 million in net present

value savings or 14.22%. The average \$452,000 per year of which the City will receive about 28.77% of that which is \$130,000 per year from 2020 through 3038.

### **Accelerated Savings (Option 2)**

This will reduce total savings by \$2 million over the life of the bonds or about \$500,000 net present value. The advantage of this is the savings pulled out for the City would be \$316,000 a year from 2020 to 2025. The savings are slightly reduced because we moved principal out to allow the savings to be accelerated in the early years.

Mr. Dieker stated that he cannot advise as to which option the City should go with because it depends on your overall financial structure. This will be brought back to you on May 9<sup>th</sup>. He hopes to sell the bonds sometime in June and close in July. But all this depends on how quickly the Department of Finance is able to turn this around and give us an approval.

Mr. Dieker asked would you rather see the savings in the early years or would you rather wait over time. Granted waiting over time would get you more savings over the life of the bond. But there are a lot of expenses that are coming in these early years, particularly with the rising Pers costs. So maybe accelerating those savings maybe worthwhile to the City.

Mr. Dieker asked Mr. Przybyla which option he would recommend. Mr. Przybyla replied that he and Mr. Wilson feels that it would be better to get the greater amount of savings over time rather than up front. There is no guarantee that in six years from now the costs of CalPers is not going to increase. The greater amount of savings is the most prudent way to go. Take it over time with the \$130,000 a year for nineteen years, rather than \$316,000 over six years. Mr. Wilson pointed out that the Oversight Board would be to the ones to make the final decision on which savings plan we go with. They will certainly take the recommendation of the Council to consider.

Mayor Pro Tem Rodriguez asked when comparing the Level Savings and Accelerated Savings he noticed the bottom line. Combined he sees \$6 million for Accelerated and \$8.6 million for Level. He heard Mr. Przybyla mention \$130,000 a year. Mr. Dieker responded this is the total savings of refunding to all of the taxing entities. But the City's share would be 28.77%. Mayor Pro Tem Rodriguez replied this clears it up for me. Thank you.

Council Member Oliver thanked Mr. Dieker for the presentation as this presents a great opportunity and asked if there is a routine time to evaluate our position with respect to our bond funds. Have we gone through this exercise in the past or is this the first board? Mr. Wilson responded that this is the first refunding of the 1998, 2003 and 2008 bonds. Mr. Dieker stated these four bonds have not been refunded however you had a 1993 bond that was refunded in 2003. So one of these refunded the previous bond. But that was back when you were the Redevelopment Agency and not the Successor Agency.

Council Member Oliver asked what is the desired an investment grade rating and where to we sit today. Mr. Dieker responded the insured rating is AA- on your existing bonds. Considering that there is no housing left anymore and everything is lumped together in the RPTTF pledge that comes from the County. Coverages will be stronger than the old structure where 20% of the money went to the housing fund and covers the housing bonds as far as debt service coverage. We believe it is a stronger credit and the bond market perceives it as a stronger credit. We are looking to get the rating higher. We are preparing a full blown rating presentation and will have conference a call with Standard and Poor's. They will go through everything and go to committee and assign us a rating. So we are hoping to get the highest rating possible because the higher the rating the less costs for the insurance to wrap the bonds to a AA.



Council Member Oliver asked if there is anything can we do to make our best case? Is there anything we can do over and beyond the conference call and the information that you will provide? Mr. Dieker responded unfortunately not because this a separate entity and a separate credit from anything to do with the City's General Fund. The City will be a beneficiary of the savings but they are not going to look at the health of the City's reserves or General Fund. They strictly are going to look at specific items on the Successor Agency such as assessed value growth, volatility ratio, the top ten property tax payers, etc. There is not a lot we can do other than put the facts together and present them. One thing we do like to do is compare and contrast with other agencies to see where we think we can fall. We add the invitation for the analysts to come out to view the project areas the taxpayers but a lot of time they don't it depends on their availability. Council Member Oliver asked what about us going to them? Mr. Dieker replied that this is not usually done but we can certainly make a road trip. Their office is in San Francisco. But is unsure if this will help but sometimes it's nice to shake hands with them. We can certainly offer that up if that is the desire. Council Member Oliver he would like to see the analysis you will be presenting.

Mayor Medellin stated that he would like to know the risks associated and would like to talk about some of the possibilities as we prolong this. Mr. Dieker replied that it depends on what the policy goals of the City are and what you foresee coming down the road. He knows of one Successor Agency that had a lot of capital projects that remained unfunded, they wanted the money early because they wanted to build the projects. His biggest concern is the increase of Pers costs and what this is doing to the budgets all over the state and taking that money up front because those are unrestricted General Fund dollars. It is not his ultimate decision, the Council has to make it. Clearly there is a financial benefit taking it over time in about \$2 million in total savings improvement over time. The City will realize much more money over time with the Level Savings scenario. We always present both options because everyone's needs are different.

Council Member Rigby stated that he thinks that the City Council now and in the past has worked hard to be fiscally responsible. I think it is prudent with the fund balance. If there is a dire emergency moving forward we wouldn't be up the creek without a paddle. I can see where we not get the finances right away could benefit the City moving forward. Knowing that we have that fund balance, makes it easy for him to take Mr. Przybyla's recommendation of Option 1 (Level Savings).

Mayor Medellin stated that he believes it is a better long term plan. He doesn't know who will be here over that nineteen year period. But he thinks this is prudent and he appreciates the input of our Finance Director.

No other questions or comments were offered.

Mayor Medellin called for a motion to adopt the Successor Agency resolution

**SA 18-12     A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA AS THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY OF THE CITY OF MADERA APPROVING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER MADERA REDEVELOPMENT AGENCY, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST AND REFUNDING INSTRUCTIONS, APPROVING THE SALE OF THE REFUNDING BONDS TO AN UNDERWRITER, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

On motion by Council Member Holley, seconded by Council Member Robinson, Resolution Number SA 18-12 and the recommendation to move forward with Level Savings Option was approved unanimously as presented by the following 7/0 vote: Ayes: Council Members Medellin, Rodriquez, Robinson, Foley Gallegos, Rigby, Oliver and Holley; Noes: None; Abstain: None; Absent: None.

**5. AGREEMENTS**

There were no items for this section.

**6. HOUSING**

There were no items for this section.

**7. GENERAL**

There were no items for this section.

**8. AGENCY MEMBER REPORTS**

Council Member Robinson reported that he recently attended a funeral of a neighbor Ron Aquinas who also served on the Beautification Committee.

Council Member Foley Gallegos had nothing to report.

Council Member Rigby reported that he is working with Andrew Martinez with the Code Enforcement Department and looking to contract companies to assist with homeless encampment cleanups. It is a very large task. Not just the cleanup but the tagging and storage of the possessions. We are working with County Code Enforcement to coordinate the cleanups and looking into amending some of the language in the postings. This is spurred on a committee he sits on with the City Administrator and County of Madera. Mayor Medellin stated that he just got the Intergovernmental Agency off the ground with the City of Chowchilla, City of Madera and the County of Madera. These are things we discussed in tandem like the homeless issue. So we can work together with them so we can get the same ordinances and direction that would be great.

Mayor Pro Tem Rodriguez had nothing to report.

Council Member Holley had nothing to report.

Council Member Oliver had nothing to report.

Mayor Medellin had nothing to report.

**9. CLOSED SESSION**

There are no items for this section.

**10. ADJOURNMENT**

Mayor Medellin adjourned the Joint Special Meeting of the Madera City Council, Regular Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 6:29 p.m.

  
Claudia Mendoza, Recording Secretary

  
Andrew J. Medellin, Mayor