



CITY of BRISBANE

Infrastructure, Utilities & Franchise Subcommittee Agenda

Tuesday, February 8th, 2022 at 2:00 PM • Virtual Meeting

This meeting is compliant with the Ralph M. Brown act as amended by California Assembly Bill No. 361 effective September 16, 2021 providing for a public health emergency exception to the standard teleconference rules required by the Brown Act. The purpose of this is to provide a safe environment for the public, staff and the Committee, while allowing for public participation. The public may address the Committee using exclusively remote public comment options. The Committee may take action on any item listed in the agenda.

TO ADDRESS THE SUBCOMMITTEE

The meeting will be an exclusively virtual meeting. The agenda materials may be viewed online at www.brisbaneca.org at least 72 hours prior to the meeting.

REMOTE PUBLIC COMMENTS

Meeting participants are encouraged to submit public comments in writing in advance of the meeting. The following email and text line will be monitored during the meeting, and public comments received will be read into the record during Public Comment or during an Item.

Email: aibarra@brisbaneca.org

Text: 415-407-2675

Call-in number during the meeting for oral communications: 1-669-900-9128

Meeting ID: 891 4792 2333 (After entering the meeting ID and pressing #, simply press # a second time to enter the meeting waiting room. No participant code is required. Please wait on the call until a Subcommittee or Staff Member announces that the phone line is open. Dial *6 to mute/unmute and dial *9 to "raise hand")

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Join Zoom: <https://us06web.zoom.us/j/89147922333?pwd=U1NpNUo3THlvd05BMmo4dDcvOFVEEdz09>

Meeting ID: 891 4792 2333

Passcode: 123456

To listen to the meeting if not using computer audio, dial: 1-669-900-9128

SPECIAL ASSISTANCE

If you need special assistance to participate in this meeting, please contact Angel Ibarra at (415) 508-2109. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

SUBCOMMITTEE MEMBERS:

Mayor Mackin, Mayor Pro-tem Lentz

PRESENTATIONS AND DISCUSSION ITEMS

A. Update on Loan for the Bank of America Land Purchase

PUBLIC COMMENT**ADJOURNMENT**

A.

File Attachments for Item:

A. Update on Loan for the Bank of America Land Purchase



CITY COUNCIL INFRASTRUCTURE SUBCOMMITTEE AGENDA REPORT

Meeting Date: 2/8/2022

From: Stuart Schillinger, Assistant City Manager

Subject: Update on Loan for the Bank of America Land Purchase

Community Goal/Result

Fiscally Prudent

Economic Development

Community Building

Purpose

Purchase property at the corner of Old County Road and Bayshore to ensure community values are taken into account in determining the future development of the site, likely for commercial purposes and/or housing.

Recommendation

Provide feedback to staff concerning whether the City should enter into a 20 or 25 year term loan agreement.

Background

On December 9, 2021 the City Council approved the purchase of the old Bank of America building located at the corner of Old County Road and Bayshore Drive. The purchase price was \$4,250,000. The purchase will close around February 21, 2022. The City Council directed staff to use bond financing to pay for the purchase of the property.

Discussion

Staff requested our Financial Advisor (Marty Johnson) to conduct a limited RFP process and as a result Oppenheimer and Company was engaged to sell the City's debt instrument. Based on advice from our Financial Advisor and Rick Brandis of Oppenheimer the City is looking to pursue a private placement. The advantage of the private placement is it will open up the bidding process to banks which currently offer an overall lower cost than public offerings. The private placement will also allow the City to work directly with the entity to develop the best repayment schedule for the City.

The City is looking to wrap the pay back of this debt instrument around existing General Fund debts. This will allow the City to pay even debt service amounts over the length of the repayment taking into account existing debt. Currently the City has an outstanding bond issue from 2017 which is set to be paid off in 2029. The annual payment for this bond is \$155,000.

We will structure the new debt so there are level payments throughout the length of the new loan by having lower principal payments up front and higher principal payments later.

The City is considering two options a 20 year debt instrument or a 25 year debt instrument. The 20 year debt instrument will result in combined level payments of approximately \$372,000 through 2042. This includes the current outstanding 2017 debt. The 25 year debt instrument will have level payment of approximately \$335,000 through 2047. The savings in reduced interest by going with a 20-year term is approximately \$1,000,000 over the life of the bonds.

Staff would recommend placing a 20 year term debt instrument with payments wrapping around the existing 2017 bonds.

Fiscal Impact

The final annual payment will be determined when the placement is made. The annual cost to the City will be about \$372,000 for the length of the bond. This will be an additional \$220,000 through 2029 and then the full \$372,000 until 2042. The funds will be budgeted in the City's General Fund.

Measure of Success

The community ends up with a use on the property that is acceptable to it.



Stuart Schillinger, Assistant City Manager



Clay Holstine, City Manager