



DATE: January 15, 2019

CATEGORY: Unfinished Business

DEPT.: Finance and Administrative Services

TITLE: **Acceptance of the Consent of the Owners of the Shoreline Regional Park Community Revenue Bonds, 2018 Series A and B, to Certain Amendments to the Indenture of Trust, and Direction to Staff to Take Related Actions**

RECOMMENDATION

Acting as the Shoreline Regional Park Community Board of Directors, adopt a Resolution Accepting the Consent of the Owners of the 2018 Shoreline Regional Park Community Revenue Bonds to the Adoption of Certain Amendments to the Indenture of Trust, and Authorizing and Directing Related Official Actions, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

The Mountain View Shoreline Regional Park Community (Shoreline Community) was formed in 1969 by special legislation to provide a form of local government to enable public authority and private interests to cooperate in the development of the Shoreline Community and create and operate a regional park, and provide a means of financing the responsibilities of the Shoreline Community, including the issuance of debt to fund infrastructure improvements. The Shoreline Community receives tax increment revenues, which are used to pay the principal and interest on bonds, loans, advances, or other indebtedness incurred by the Shoreline Community to finance the purposes of the Shoreline Community.

The Shoreline Community has issued bonds for a variety of purposes since its inception for projects related to major streets and roadway improvements, landfill closure, purchase of open space, and for construction of Fire Station No. 5 and the Athletic Fields.

At the November 13, 2018 meeting (Attachment 2 to the Council report), the City Council approved the issuance of Shoreline Community debt for a variety of projects, including high-priority transportation projects. At that meeting, certain proposed amendments to the 1992 Master Indenture were also presented in the Sixth

Supplemental Indenture and the process required for the amendments. The Shoreline Community Board is being requested to accept the consent of the initial owners of the 2018 Bonds to the Proposed Amendments. This action constitutes the consent of the owners of a majority of the principal amount of the bonds outstanding under the Indenture to complete the amendment process.

ANALYSIS

As of December 19, 2018, the outstanding bonds consist of the following:

- (i) Tax Allocation Revenue Bonds, 2011 Series A, currently outstanding, in the principal amount of \$27.8 million ("2011 Bonds").
- (ii) Revenue Bonds, 2018 Series A (Tax-Exempt), issued on December 19, 2018, in the principal amount of \$53,485,000, and Revenue Bonds, 2018 Series B (Federally Taxable), issued on December 19, 2018 in the principal amount of \$10,315,000 ("2018 Bonds").

In 1992, an Indenture of Trust ("Master Indenture") was executed by the Shoreline Community and a trustee to serve as the governing document for all future revenue bonds issued by the Shoreline Community. The Master Indenture has been supplemented five previous times as outlined in the Resolution (see Attachment 1). The 2018 Bonds were issued pursuant to a Sixth Supplemental Indenture of Trust. The Master Indenture, as supplemented, is referred to as the "Indenture of Trust").

Amendments to the Master Indenture made in the Sixth Supplemental Indenture were in the public interest of the Shoreline Community, including changes related to the conditions for issuing Parity Bonds under the Indenture of Trust and the provisions related to debt service reserve funds. Certain amendments require consent of a majority of the owners of the outstanding revenue bonds (the owners of the 2011 Bonds and the 2018 Bonds), and the Board of Directors approved in Resolution No. S-158 the following consent procedures:

- Step No. 1: Notices of the proposed amendments would be sent to the 2011 Bondholders.
- Step No. 2: Consent of the owners of the 2018 Bonds, who would constitute a majority of the outstanding bond owners, would be obtained with the Sixth Supplemental Indenture.

Step No. 3: Within 60 days after the 2018 Bonds have been issued, staff would return with a resolution to be adopted by the Shoreline Community Board accepting the consent of the bond owners.

Step No. 4: A notice would be sent to the bond owners and posted to the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access system (EMMA) website, the official source for municipal securities data and documents.

Staff directed the notices described in Step No. 1 to be sent and the consent of the owners of the 2018 Bonds was obtained upon issuance of the 2018 Bonds. The attached Resolution is the resolution described in Step No. 3 and the Resolution directs staff to send the notice described in Step No. 4.

FISCAL IMPACT

The consent of the owners of the 2018 Bonds will not have any immediate fiscal impact, but the related amendments are expected to reduce the cost of issuing any future revenue bonds.

CONCLUSION

In order to complete the amendment process approved by the Board of Directors in Resolution No. S-158, staff is recommending that the Shoreline Community accept the consent of the owners of the 2018 Bonds to the amendments to the Master Indenture and direct staff to take related actions.

ALTERNATIVES

1. Do not accept the complete the steps required to amend the Master Indenture.
2. Provide other direction.

PUBLIC NOTICING – Agenda posting.

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- Attachments
1. Resolution Accepting the Consent of the Owners of the 2018 Mountain View Shoreline Regional Park Community Revenue Bonds to the Adoption of Certain Proposed Amendments to the Indenture of Trust, and Authorizing and Directing Related Official Actions
 2. [November 13, 2018 Council Report](#)