

#2.

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT: Council Members - None

18. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING PARAMETERS FOR THE ISSUANCE OF SERIES 2016 SEWER REVENUE REFUNDING BONDS TO REFINANCE AND REFUND A PORTION OF THE OUTSTANDING 2009 SEWER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED

On motion by Zurita, seconded by Sharif, **Resolution # 24,304** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING PARAMETERS FOR THE ISSUANCE OF SERIES 2016 SEWER REVENUE REFUNDING BONDS TO REFINANCE AND REFUND A PORTION OF THE OUTSTANDING 2009 SEWER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED**" was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT: Council Members - None

19. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE ALLOCATION OF UNSPENT PROCEEDS OF 2009 WATER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED TO SPECIFIED PROJECTS

On motion by Sharif, seconded by Zurita, **Resolution # 24,305** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE ALLOCATION OF UNSPENT PROCEEDS OF 2009 WATER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED TO SPECIFIED PROJECTS**" was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT: Council Members - None

20. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING PARAMETERS FOR THE ISSUANCE OF SERIES 2016 WATER REVENUE REFUNDING BONDS TO REFINANCE AND REFUND A PORTION OF THE OUTSTANDING 2009 WATER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED

City Manager Haley introduced the City's financial consultants Brandon Comer of Comer Capital Group and Craig Walker of IFS Securities.

Craig Walker, IFS Securities, offered the following PowerPoint presentation to the City Council and members of the public.

City of Compton Timeline

July 18, 2012 – "Compton on brink of bankruptcy. The city is the latest to fall victim to questionable financial practices. It could run out of money by the end of the summer." - Los Angeles Times

July 23, 2012 – Moody's downgrades Compton Bond rating.

September 2012 – Standard & Poor's suspends Compton's bond rating. Finance Team IFS Securities and Comer Capital are engaged to find cash flow financing.

April 2014 – All City bills including CalPERS and Sheriff payments have been paid on time. 5% reserve fund is being funded.

June 2014 – Balanced budget with reserve fund is approved.

May 2015 – Presentation by financing team on debt restructuring brings forward VCAP issues. Solutions and resolutions to the VCAP commence.

August - February 2015/16 – FY 12/13 audit is complete. Ratings reinstatement process begins. TRANS are sold at an interest rate of 2.25% a decrease of 900 basis points since February 2013. VCAP process is successfully completed without any penalty assessed on the City.

April/May 2016 – Investment Grade Credit Ratings reinstated.

THE CITY IS OFFICIALLY NOT “DISTRESSED!” - 3.5YRS

How do credit ratings work and what is the impact to City residents?

City officials and the residents will not like it if a bond rating falls, because they're going to have to pay more to entice investment in their city.

The broadest rating is the general obligation ratings for local governments. Water and Sewer ratings are based primarily on the operating history of the system and the underlying trends of the City overall.

The highest credit rating is AAA, which means the rating agency believes there is very little risk of anything going wrong. Most municipal ratings are quite high. The average City rating is AA. Before the financial crisis of 2012, Compton had an A- rating. Our goal is for Compton to achieve an investment grade rating of BBB.

BOND ISSUE – REFUNDING/REFINANCING

Water - \$45,620,000
Sewer - \$23,120,000
Total - \$68,740,000
Total Savings - \$3,812,706 (Projected)

*No Extension of Term

Water Summary
Net PV Savings \$2,399,556
Percentage savings of refunded bonds 6.320444%

Sewer Summary
Net PV Savings \$1,413,150
Percentage savings of refunded bonds 7.071054%

COMPTON – REFUNDING/REFINANCING

Water Interest Cost (Projected)
Bond Par Amount \$46,030,000.00
True Interest Cost 3.73% (Anticipated Interest Rate Estimate)
Average Life 15.089 years

Sewer Interest Cost (Projected)
Bond Par Amount \$23,360,000.00
True Interest Cost 3.62% (Anticipated Interest Rate Estimate)
Average Life 13.027 years

Recent Examples
15 Year State of California AA GO Bond 3.07%
15 Year City of Chicago BBB+ GO Bond 4.67%

#2.

Brandon Comer reported that their offices will be re-engaging the rating agencies tomorrow post conclusion of adoption of the resolutions; and at that point they predict the rating process will take approximately two to three weeks contingent upon how quickly the City appropriates a draft of the most recent audit. He indicated that once they receive the ratings the plan is to: 1) talk to the bond insurers to lower the interest cost 2) price the transaction the first week in April 2016 and 3) close out within 7 to 10 days.

Councilperson Zurita recognized Craig Walker and Brandon Comer for all of their efforts to tackle the City's deficit and bring back their credit rating. She went on to request an update on the City's restructuring debt plan.

Mr. Comer reported that the impact will be felt in the General Fund since technically those monies are owed to water and sewer.

Councilperson Zurita asked Mr. Comer if his offices are giving the City direction as to how they can remain fiscally solvent over the next four years. Mr. Comer replied affirmatively and noted that their focus, from the beginning, has been to implement a financial recovery plan and to this point that is the plan that they have been executing.

Mayor Brown instructed the City Manager to bring back a formalized agreement in one week to ensure that the City has some long-term financial management.

Councilperson Sharif asked Mr. Walker to address whether or not the term will be extended. Mr. Walker confirmed that the City's term will not be extended and that most of the savings will be in the first four years.

City Treasurer Douglas Sanders asked Mr. Walker if the refunding rates will be adjustable or fixed.

Mr. Walker stated that the rate will be fixed.

On motion by Zurita, seconded by Sharif, **Resolution # 24,306** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING PARAMETERS FOR THE ISSUANCE OF SERIES 2016 WATER REVENUE REFUNDING BONDS TO REFINANCE AND REFUND A PORTION OF THE OUTSTANDING 2009 WATER REVENUE BONDED INDEBTEDNESS HERETOFORE ISSUED**" was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - None

CONSENT AGENDA

On motion by Zurita, seconded by Sharif, the Consent Agenda was approved, by the following vote on roll call:

AYES: Council Members - Zurita, Galvan, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - None

APPROVAL OF MINUTES

1. MARCH 8, 2016 (Approved)

CITY MANAGER/CITY ATTORNEY/CITY TREASURER REPORTS

2. AN UPDATE REPORT OF THE PUBLIC FINANCE AUTHORITY LEASE REVENUE BONDS SERIES 2008 (Received/Filed)