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RESOLUTION NO. 2015-83

**A RESOLUTION OF THE ALBANY CITY COUNCIL
EXPRESSING INTENT TO INITIATE REFINANCING OF
2004 SEWER REVENUE BONDS**

WHEREAS, in September 2004 the City of Albany (the “City”) issued \$8,675,000 original principal amount of 2004 Sewer Revenue Bonds (the “2004 Bonds”), which bonds are currently outstanding in the principal amount of \$4,675,000; and

WHEREAS, an opportunity now exists for the City to refinance the outstanding 2004 Bonds at lower interest rates through the issuance of Sewer Revenue Refunding Bonds (the “Refunding Bonds”); and

WHEREAS, owing to the size, term, and structure of the Refunding Bonds, the City has determined that the issuance of Refunding Bonds via a direct private placement would maximize debt service savings; and

WHEREAS, the City solicited a proposal from JPMorgan Chase Bank, NA (the “Bank”) to purchase the Refunding Bonds via a direct private placement; and

WHEREAS, the Bank has submitted a proposal to purchase the Refunding Bonds via a direct private placement pursuant to the indicative terms and conditions contained in the Term Sheet attached hereto as Exhibit A (the “Term Sheet”).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Albany, as follows:

Section 1. The City authorizes and directs staff to commence proceedings to issue the Refunding Bonds.

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Section 2. The City approves the Term Sheet in the form attached hereto as Exhibit A, with such changes as the City Manager or the Director of Finance & Administrative Services may approve, so long as the true interest cost and final maturity date of the Bonds is such that the net present value savings produced by refinancing the 2004 Bonds is not less than 5.00% of the par value of the 2004 Bonds being refinanced.

Section 3. All actions of the officers, agents, and employees of the City that are in conformity with the purposes and intent of this Resolution taken before the adoption hereof are hereby ratified, confirmed, and adopted.

Section 4. This Resolution shall be solely for the purpose of expressing the intent of the City to commence proceedings to issue the Refunding Bonds, and shall not be deemed an approval of or a commitment on the part of this City Council to issue any or all such Refunding Bonds. Such final approval requires further action by the City Council, including its review and approval of the financing documents to be prepared in connection therewith, which is anticipated to be considered in January, 2016.

Section 5. This Resolution shall be in full force and effect immediately upon its adoption.

* * * * *

1 **PASSED AND ADOPTED** by the City Council of the City of Albany on this 21st day of
2 December, 2015, by the following votes:

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4 AYES: *Council members: Barnes, McQuaid,*
5 *Nason + Mayor Maass*

6 NOES:

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8 ABSENT: *Council member Pitch*

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11 CITY OF ALBANY

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14 _____
15 PETER MAASS, MAYOR

16 ATTEST:

17 *Eileen Harrington*
18 _____
19 *Deputy* CITY CLERK
20 *12/22/15*

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EXHIBIT A

TERM SHEET



December 15, 2015

Mr. Mike Cavanaugh
Managing Director
Hilltop Securities Inc.
c/o City of Albany, California

RE: Private Placement for \$4,875,000 City of Albany, California Sewer Revenue Refunding Bonds, Series 2015

JPMorgan Chase Bank, NA (“Bank”) is pleased to submit this proposal for non-bank qualified tax-exempt financing to City of Albany, California (the “City”). This proposal is presented in the form of a non-binding “Term Sheet”, subject to final credit approval, negotiation and acceptance of all terms, conditions and documentation for the transaction.

TYPE OF FINANCING:

Non-Bank Qualified Tax-Exempt Revenue Refunding Bonds (the “Bonds”) to be issued by the City and privately placed with the Bank pursuant to the provisions of federal, state and local statutes. Bank will require a single term instrument with mandatory sinking fund maturities, as outlined for each rate option as shown in the respective amortization schedules provided by Hilltop Securities Inc. and without DTC registration. Bank intends to hold the Bonds to final maturity.

FORM OF BONDS:

Bank will require a single term Bond with sinking fund payments equivalent to the agreed upon maturity schedule.

PAYMENT SCHEDULE:

Period Ending	Principal
09/01/2016	\$515,000
09/01/2017	\$495,000
09/01/2018	\$510,000
09/01/2019	\$525,000
09/01/2020	\$535,000
09/01/2021	\$555,000
09/01/2022	\$565,000
09/01/2023	\$580,000
09/01/2024	\$595,000
Total	\$4,875,000

LEGAL OPINION:

Issuer’s bond counsel will deliver a legal opinion as to (i) validity and enforceability of the Bonds under state statutes, (ii) exemption of interest on the Bonds from Federal income tax and state taxes, and (iii) designation of the Bonds as “qualified tax-exempt obligations” under Section 265(b) of the Internal Revenue Code of 1986, as amended. Bond counsel approving opinion must be addressed to Bank or permit reliance by Bank.

USE OF PROCEEDS: Proceeds of the Bonds will be used to current refund the City's 2004 sewer revenue bonds.

PRINCIPAL AMOUNT: \$4,875,000

FINANCING TERM: Approximately 108 months

BANK ELIGIBILITY: The Bank's bid assumes the Bonds will be issued as a non-bank qualified obligation

INTEREST RATE: *The rate provided below is provided exclusively for indicative purposes, based upon market conditions as of December 15, 2015. The actual rate of interest borne by the Bonds will be set by mutual agreement between Bank and the Issuer*

The interest rate will be fixed upon acceptance. However, prior to acceptance, the interest rate may increase if the Bank's cost of funds increases. Bank's cost of funds may increase due to a number of factors including, but not limited to, changes in market conditions. Interest will be calculated on a 30/360 basis.

Indicative Non-Callable Tax-Exempt Fixed Rate of 2.20%.

REPAYMENT TERMS: The 2015 Loan will be structured with nine (9) consecutive and unequal annual principal sinking fund payments on each September 1st commencing September 1, 2016 with an odd final maturity of September 1, 2024; and eight-teen (18) consecutive semi-annual payments of accrued interest on each March 1st and September 1st commencing September 1, 2016. *Suggested schedule above.*

OPTIONAL REDEMPTION: The Bond will not be subject to optional redemption, in whole or in part, on any date prior to maturity.

SECURITY: The 2015 Bonds are secured by a first lien on Sewer Fund Net Revenues. The Sewer Fund has no other debt. Revenues of the Sewer Fund are obtained through assessments on the property tax bill.

ADDITIONAL PROVISIONS: **Rate Covenant:** 1.25 times average annual debt service
Additional Bonds Test: 1.25 times average annual debt service

FINANCIAL REPORTING: The City will be required to provide Bank with audited annual financial statements, free of significant deficiencies or material weakness, and prepared by an independent Certified

Public Accountant, within 270 days of the close of each of its fiscal years the loan is outstanding. Additionally, the City will provide Bank with a copy of its annual budget, as adopted or amended, within 30 days of adoption or amendment. Other reporting, such as Bank may require from time to time, could include copies of any long-term capital improvement plans.

DOCUMENTATION:

Documentation shall be prepared by Issuer's counsel, which firm represents Issuer at Issuer's expense. At the earliest convenience to the City and post-closing of the loan, the Bank will be provided evidence that the Refunded Obligations have been discharged and satisfied. This Term Sheet is subject to approval of the documentation by the Bank and its independent Bank counsel, Squire Patton Boggs, in the Bank's sole discretion, including but not limited to the form of bond resolution and form of bond.

BANK COUNSEL FEES:

Independent Bank Counsel fees and costs not expected to exceed \$10,000, to be paid by Issuer regardless of whether a closing occurs.

WAIVER OF IMMUNITY:

Documentation will provide that Issuer expressly waives and agrees not to claim any sovereign immunity in any suits or judicial proceedings in connection with the provision of Bank products and services, to the extent permitted by law.

FEES AND EXPENSES:

Upon acceptance of this proposal, the City shall be responsible for reimbursing the Bank for all fees and expenses related to the transaction, including but not limited to rate lock "breakage" fees (if any), and costs of documentation review by outside counsel. The City's responsibility for fees is not contingent on the closing of this transaction. The City to pay all fees, costs and expenses of the issuance of the Bonds including attorney fees, CDIAAC fees, fees of its financial advisor or any other related fees or costs.

MISCELLANEOUS:

A material change in the aggregate amount of the Bonds, plus or minus, will constitute a re-pricing event and the interest rates will be adjusted. Funding will occur upon receipt of all documentation required by Bank, in form and substance acceptable to Bank and its independent counsel. If the expected award date of November 13, 2015 and/or the expected closing date not later than the week of December 21, 2015, should not occur, Bank reserves the right to re-price or terminate the Bid.

We appreciate your interest in us and look forward to your favorable response. Should you have any questions regarding this Term Sheet, please contact me at (925) 361-9866 or via email at stuart.j.bessieres@chase.com

Sincerely,

JPMORGAN CHASE BANK, N.A.

Stuart Bessières
Vice President

ACCEPTED BY: City of Albany, California

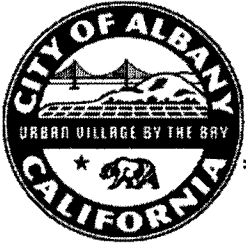
By: _____

Name: _____

Title: _____

Date: _____

IRS Circular 230 Disclosure: Bank and its affiliates (collectively, "Chase") do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with Chase of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.



City of Albany

1000 San Pablo Avenue • Albany, California 94706
(510) 528-5710 • www.albanyca.org

RESOLUTION NO. 2015-83

PASSED AND APPROVED BY THE COUNCIL OF THE CITY OF ALBANY,
the 21st day of December, 2015, by the following votes:

AYES: Council Members Barnes, McQuaid, Nason and Mayor Maass

NOES: none

ABSENT: Council Member Pilch

ABSTAINED: none

RECUSED: none

WITNESS MY HAND AND THE SEAL OF THE CITY OF ALBANY, this 22nd
day of December, 2015.

Eileen Harrington
DEPUTY CITY CLERK

The City of Albany is dedicated to maintaining its small town ambiance, responding to the needs of a diverse community, and providing a safe, healthy and sustainable community.