

FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND
AGENDA REPORT

2004 JUN 10 PM 5:45

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: June 22, 2004

RE: A RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND A RESOLUTION AND PUBLIC HEARING APPROVING THE ISSUANCE OF NOT TO EXCEED \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS TO BE ISSUED BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY

SUMMARY

Waste Management, Inc. ("WMI") desires to replace approximately 40 of its older diesel-powered waste collection trucks with new clean-fuel (compressed natural gas or "CNG") vehicles. The replacement of these vehicles, which collect refuse in the City of Oakland, with CNG-powered vehicles will improve air quality in the City. In order for WMI to obtain tax-exempt financing for this project, the City Council must approve the issuance of a not to exceed amount of \$10,000,000 in tax-exempt revenue bonds (the "Bonds") through the City. The transaction will be a conduit financing whereby the City will have no liability for this debt.

WMI is obtaining financing through the California Municipal Finance Authority ("CMFA"). In order for WMI to proceed, the City must join CMFA, a Joint Powers Financing Authority ("JPA") to act as the issuing authority for this conduit financing and hold a hearing to allow public comment on the Bonds and the vehicles. There is no cost to the City for this membership. In fact, CMFA will rebate 25% (\$6,250) of the financing fee received from Waste Management back to the City and will donate an additional 25% (\$6,250) to a local charity of City Council's choice.

FISCAL IMPACT

There is no cost to the City to join the CMFA and the City will have no liability for the \$10,000,000 in Bonds. The City will receive \$6,250 of the financing costs paid by Waste Management and a local charity will receive a like amount.

As this is a non-recourse conduit financing, the City, as a member of the JPA, will not be liable for the debt related costs of this transaction. In addition, the City will require WMI to indemnify

14.2
ORA/COUNCIL

JUL 6 2004

Item: ~~14.2~~
Finance and Management Committee
June 22, 2004

it from any liability that may result from WMI's failure to meet its obligations under the terms of the bond transaction. The debt and its related annual cost will be the sole responsibility of WMI. This financing will be structured as a lease revenue transaction with the JPA maintaining ownership of the equipment and leasing the equipment to WMI. The amount of the annual lease payments from WMI to the JPA will be sufficient to pay for the costs associated with the debt.

BACKGROUND

The CMFA has proposed to issue an amount not to exceed \$10,000,000 in Bonds to finance the acquisition of collection vehicles and related solid waste disposal equipment (the "Equipment") to be used in the service territories of Waste Management, Inc. throughout the City of Oakland.

Prior to the issuance of the Bonds, approval must be obtained by the "applicable elected representative" of each of the governmental units on whose behalf such Bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which the Equipment financed by the Bonds is to be located, after a public hearing held following reasonable public notice.

KEY ISSUES AND IMPACTS

The City has approved numerous conduit financings in the past and has participated in the issuing authority in each case. In this specific financing, the City will be joined by the cities of Long Beach and Santa Clarita, and the County of San Diego as member participants in the JPA. Each of these jurisdictions will benefit from this financing as WMI services their refuse collection needs to varying degrees.

SUBSTAINABLE OPPORTUNITIES

Economic: The City will receive \$6,250 of the financing costs paid by WMI and a local charity will receive a like amount.

Environmental: The new collection trucks to be purchased by Waste Management will be powered by CNG. This will result in significantly reduced emissions compared to the diesel-powered vehicles that they will replace.

Social Equity: An amount of \$6,250 will be available to a local charity of the City Council's choice. As such more monies may be available for services to disadvantaged areas, or enhanced recreational or social venues.

ACTION REQUESTED OF THE CITY COUNCIL


Staff recommends that the City Council conduct a public hearing and, upon conclusion, adopt the following two resolutions:

- 1) A resolution authorizing and directing execution of a joint exercise of powers agreement relating to the California Municipal Finance Authority.

Item: ~~16~~
Finance and Management Committee
June 22, 2004

- 2) A resolution approving the issuance of not to exceed \$10,000,000 aggregate principal amount of revenue bonds to be issued by the California Municipal Finance Authority.

Respectfully submitted,



William E. Noland
Director, Finance and Management Agency

Prepared by:
Joseph T. Yew, Jr., Treasury Manager,
Finance and Management Agency

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:


OFFICE OF THE CITY ADMINISTRATOR

14.2
ORA/COUNCIL
JUL 6 2004

Item: ~~6~~
Finance and Management Committee
Jun 22, 2004

Michelle S...
FILED ATTORNEY
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

2004 JUN 10 PM 5:46

RESOLUTION NO. _____ C.M.S.

RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY

WHEREAS, the City of Oakland, California (the "City") has expressed an interest in participating in the financing programs (the "Programs") in conjunction with the parties to that certain Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority (the "Agreement"); and

WHEREAS, the City proposes to participate in the Programs and desires that certain equipment to be located within the City be financed pursuant to the Programs and it is in the public interest and for the public benefit that the City do so; and

WHEREAS, the Agreement has been filed with the City, and the members of the City Council, with the assistance of its staff, have reviewed said document.

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

Section 1. The Agreement is hereby approved and the Director of the Finance and Management Agency of the City (the "Director") or his designee is hereby authorized and directed to execute said document.

Section 2. The Director and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized.

Section 3. This resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

142
OAKLAND CITY COUNCIL
JUL 6 2004

~~**FINANCE & MANAGEMENT CMTE.**
JUN 22 2004~~

CITY ATTORNEY

REVISED

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

REVISED
6-22-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND APPROVING THE ISSUANCE OF NOT TO EXCEED \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS TO BE ISSUED BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO FINANCE AN EQUIPMENT LEASE FOR WASTE MANAGEMENT OF CALIFORNIA, INC.

WHEREAS, the California Municipal Finance Authority (the "Authority") has proposed to issue an amount not to exceed \$10,000,000 aggregate principal amount of revenue bonds (the "Bonds") pursuant to the Joint Powers Act, being Section 6500 et seq. of the Government Code of the State of California, as amended and supplemented (the "Act"); and

WHEREAS, the project to be financed by the Bonds consists of collection vehicles and related solid waste disposal equipment (the "Equipment") to be used in the City of Oakland ~~in the service territories of by~~ Waste Management, Inc. and its affiliates, including Waste Management of California, Inc. (the "User"), ~~throughout the City of Oakland~~; and

WHEREAS, the City Council has been advised that in order to allow issuance of the Bonds on a tax-exempt basis without an allocation of private activity volume cap, the Authority will be the owner of the Equipment for federal tax purposes and the Equipment will be leased to the User; and

WHEREAS, the City Council has been advised that the Bonds will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental unit on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the City Council of the City of Oakland (the "City") has determined to approve the *issuance of the Bonds in order to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and the requirements of a Joint Exercise of Powers Agreement (the "Agreement"), to be entered into among certain local agencies, including the City; and*

WHEREAS, the City has held a public hearing providing a reasonable opportunity for persons to comment on the issuance of the Bonds and the Equipment; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and the Agreement;

14.2-2

ORACOUNCIL

JUL 6 2004

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Oakland, that the issuance of the Bonds is hereby approved for the purposes of Section 147(f) of the Code and the Agreement.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES -

ABSENT --

ABSTENTION -

ATTEST: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

Michelle Sutton 6/22/04
CITY ATTORNEY

REVISED

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

REVISED
16-22-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLAND APPROVING THE ISSUANCE OF NOT TO EXCEED \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS TO BE ISSUED BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO FINANCE AN EQUIPMENT LEASE FOR WASTE MANAGEMENT OF CALIFORNIA, INC.

WHEREAS, the California Municipal Finance Authority (the "Authority") has proposed to issue an amount not to exceed \$10,000,000 aggregate principal amount of revenue bonds (the "Bonds") pursuant to the Joint Powers Act, being Section 6500 et seq. of the Government Code of the State of California, as amended and supplemented (the "Act"); and

WHEREAS, the project to be financed by the Bonds consists of collection vehicles and related solid waste disposal equipment (the "Equipment") to be used in the City of Oakland by Waste Management, Inc. and its affiliates, including Waste Management of California, Inc. (the "User"); and

WHEREAS, the City Council has been advised that in order to allow issuance of the Bonds on a tax-exempt basis without an allocation of private activity volume cap, the Authority will be the owner of the Equipment for federal tax purposes and the Equipment will be leased to the User; and

WHEREAS, the City Council has been advised that the Bonds will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental unit on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the City Council of the City of Oakland (the "City") has determined to approve the issuance of the Bonds in order to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and the requirements of a Joint Exercise of Powers Agreement (the "Agreement"), to be entered into among certain local agencies, including the City; and

WHEREAS, the City has held a public hearing providing a reasonable opportunity for persons to comment on the issuance of the Bonds and the Equipment; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and the Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Oakland, that the issuance of the Bonds is hereby approved for the purposes of Section 147(f) of the Code and the Agreement.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

14.2-2
ORACOUNCIL

JUL 6 2004