<u>MINUTES</u> of the organizational meeting of the Governing Board of the Redlands Financing Authority of the City of Redlands held in the City Council Chambers, Civic Center, 35 Cajon Street, at 4:39 P.M. on June 1, 1999.

<u>PRESENT</u>

William E. Cunningham, Chairman
Geni A. S. Banda, Vice Chairman
Pat Gilbreath, Member
John L. Freedman, Member
Gary George, Member

Gary M. Luebbers, Executive Director
Daniel J. McHugh, Attorney
Michael Reynolds, Treasurer
Bonnie Johnson, Controller
Lorrie Poyzer, Secretary

<u>ABSENT</u> None

<u>NEW BUSINESS</u>

<u>Resolution No. 1 - By-Laws, Conflict of Interest Code, Meeting Date</u> - On April 20, 1999, the City Council and the Redevelopment Agency of the City of Redlands formed a joint powers authority, more specifically the Redlands Financing Authority, to facilitate the refinancing of certain outstanding City debt. The agreement establishing the Authority calls for the adoption of by-laws and a conflict of interest code, as well as setting the time and place for regular meetings. Mr. Freedman moved to adopt Resolution No. 1, a resolution of the Governing Board of the Redlands Financing Authority adopting by-laws and a conflict of interest code, specifying a regular meeting date and taking related actions in connection therewith. Motion seconded by Mrs. Banda and carried unanimously.

<u>Resolution No. 2 - Water Revenue Bonds, Series 1999A</u> - Controller Johnson explained that during the May, 1998, budget hearings, the City Council of the City of Redlands gave staff authorization to begin the refinancing process with relation to outstanding water and wastewater utility debt (COP's). The main objective was to convert variable rate debt to fixed rate debt while rates were still favorable. Staff has been actively pursuing the matter since that time. The Preliminary Official Statement is scheduled for print on June 2, 1999. Distribution is scheduled for June 6, 1999, with bond pricing to occur June 8, 1999, and bond closing on June 23, 1999. Based on current market conditions and the City's current cost of funds (interest and letter of credit fees), conversion to a fixed rate is likely to yield no current savings, but will yield costs savings over the life of the bonds. The maturity dates of the new debt are identical to that of the old debt. Mr. Jim Cervantez, Stone and Youngberg, reported our Standard & Poor's rating is "A" for the water and wastewater debt He reviewed the bond insurance bids, current interest rates, and the projected

underwriter's discount. Mr. Freedman moved to adopt Resolution No. 2, a resolution of the Governing Board of the Redlands Financing Authority authorizing the issuance, sale and deliver of not to exceed $26,000,000.00 Water Revenue Refunding Bonds, Series 1999A; the execution and delivery of a trust agreement, a water installment sale agreement, an official statement and a bond purchase agreement and certain other actions in connection with the issuance and sale of such bonds, with the language in Section 2 reflecting Mr. Cunningham's requested change regarding the underwriter's discount: "shall not exceed less than one percent." Motion seconded by Mrs. Banda and carried unanimously. (Also see City Council minutes for June 1, 1999.)

Resolution No. 3 - Wastewater Revenue Bonds, Series 1999A - Controller Johnson explained that during the May, 1998, budget hearings, the City Council of the City of Redlands gave staff authorization to begin the refinancing process with relation to outstanding water and wastewater utility debt (COP's). The main objective was to convert variable rate debt to fixed rate debt while rates were still favorable. Staff has been actively pursuing the matter since that time. The Preliminary Official Statement is scheduled for print on June 2, 1999. Distribution is scheduled for June 6, 1999, with bond pricing to occur June 8, 1999, and bond closing on June 23, 1999. Based on current market conditions and the City's current cost of funds (interest and letter of credit fees), conversion to a fixed rate is likely to yield no current savings, but will yield costs savings over the life of the bonds. The maturity dates of the new debt are identical to that of the old debt. Mr. Jim Cervantez, Stone and Youngberg, reported our Standard & Poor's rating is "A" for the water and wastewater debt He reviewed the bond insurance bids, current interest rates, and the projected underwriter's discount. Mr. Freedman moved to adopt Resolution No. 3, a resolution of the Governing Board of the Redlands Financing Authority authorizing the issuance, sale and deliver of not to exceed $19,000,000.00 Wastewater Revenue Refunding Bonds, Series 1999A; the execution and delivery of a trust agreement, a wastewater installment sale agreement, an official statement and a bond purchase agreement and certain other actions in connection with the issuance and sale of such, with the language in Section 2 reflecting Mr. Cunningham's requested change regarding the underwriter's discount: "shall not exceed less than one percent." Motion seconded by Mrs. Gilbreath and carried unanimously. (Also see City Council minutes for June 1, 1999.)

ADJOURNMENT

There being no further business, the Governing Board's meeting of the Redlands Financing Authority adjourned at 4:56 P.M.

Lorrie Poyzer

Secretary