MEETING AGENDA
The City Council/Successor Agency of the City of Firebaugh
Vol. No. 20/11-02
Date/Time: November 2, 2020/6:00 p.m.

*SPECIAL NOTICE DUE TO COVID-19 MEETING WILL BE HELD VIA TELECONFERENCE ONLY – THE MEETING WILL NOT BE OPEN TO THE PUBLIC

PURSUANT TO PARAGRAPH 11 OF EXECUTIVE ORDER N-25-20, EXECUTED BY THE GOVERNOR OF CALIFORNIA ON MARCH 12, 2020

Members of the public who wish to address the Council may do so by submitting a written comments to the Deputy Clerk via email deputyclerk@ci.firebaugh.ca.us Please provide: Council Meeting Date, Item Number your comment are pertaining to, Name, Email and comment, no later than 3:00 PM the day of the meeting.

*Pursuant to Government Code Section 54953 (b)(2), all action taken during this teleconferenced meeting shall be by roll call vote.

Join Zoom Meeting
https://us02web.zoom.us/j/81920695325?pwd=am9YSVNPZE41SEY5K2MyR3d6anR4QT09
Meeting ID: 819 2069 5325 Password: 972625 One tap mobile: 1-669-900-9128

CALL TO ORDER

ROLL CALL
Mayor Elsa Lopez
Mayor Pro Tem Freddy Valdez
Council Member Brady Jenkins
Council Member Felipe Pérez
Council Member Marcia Sablan

In compliance with the Americans with Disabilities Act, if you need special assistance to access the Andrew Firebaugh Community Center to participate at this meeting, please contact the Deputy City Clerk at (559) 659-2043. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the Andrew Firebaugh Community Center.

Any writing or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at City Hall, in the Deputy City Clerk’s office, during normal business hours.

PLEDGE OF ALLEGIANCE

APPROVAL OF THE AGENDA

PRESENTATION

PUBLIC COMMENT

CONSENT CALENDAR

Items listed on the calendar are considered routine and are acted upon by one motion unless any Council member requests separate action. Typical items include minutes, claims, adoption of ordinances previously introduced and discussed, execution of agreements and other similar items.

1. **APPROVAL OF MINUTES** – The City Council regular meeting on October 19, 2020.
PUBLIC HEARING

NEW BUSINESS

2. **RESOLUTION NO. 20-47 - A RESOLUTION OF THE CITY OF FIREBAUGH DIRECTING STAFF TO PROCEED WITH PLANNING FOR A RATE ADJUSTMENT TRANSACTION RELATING TO THE CITY’S WATER REVENUE REFUNDING BONDS, SERIES 2013 AND APPOINTING A FINANCING TEAM IN CONNECTION THEREWITH.**

   **Recommended Action:** Council receives public comment & approves Res. No. 20-47.


   **Recommended Action:** Council receives public comment & gives direction.

STAFF REPORTS

CLOSED SESSION

4. **Government Code Section 54957**

   **PUBLIC EMPLOYEE EVALUATION:** City Manager.

ANNOUNCEMENT AFTER CLOSED SESSION

ADJOURNMENT

Certification of posting the Agenda
I declare under penalty of perjury that I am employed by the City of Firebaugh and that I posted this agenda on the bulletin boards at City Hall, October 30, 2020 at 5:00 p.m. by Rita Lozano, Deputy City Clerk.
MEETING MINUTES
The City Council/Successor Agency of the City of Firebaugh
Vol. No. 20/10-19

PURSUANT TO PARAGRAPH 11 OF EXECUTIVE ORDER N-25-20,
EXECUTED BY THE GOVERNOR OF CALIFORNIA ON MARCH 12, 2020
City Council Meeting held via teleconferencing
*Pursuant to Government Code Section 54953 (b) (2), all action taken during this teleconferenced
meeting shall be by roll call vote.

Location of Meeting: Andrew Firebaugh Community Center
1655 13th Street, Firebaugh, CA 93622
Date/Time: October 19, 2020/6:00 p.m.
CALL TO ORDER Meeting called to order by Mayor Lopez at 6:00 p.m.
ROLL CALL Mayor Elsa Lopez
Mayor Pro Tem Freddy Valdez
Council Member Marcia Sablan
Council Member Brady Jenkins
Council Member Felipe Pérez

ABSENT: City Attorney Jim Sanchez; City Manager/Acting Public Works Director, Ben Gallegos; Deputy Clerk, Rita Lozano; Finance Director, Pio Martin; Police Chief, Sal Raygoza; Fire Chief, John Borboa.

OTHERS: City Attorney Jim Sanchez; City Manager/Acting Public Works Director, Ben Gallegos; Deputy Clerk, Rita Lozano; Finance Director, Pio Martin; Police Chief, Sal Raygoza; Fire Chief, John Borboa.

PLEDGE OF ALLEGIANCE Council Member Perez led pledge of Allegiance.

APPROVAL OF THE AGENDA
Motion to approve agenda by Council Member Sablan, second by Council Member Perez; motion passed by 5-0 vote.

PUBLIC COMMENT: None

PRESENTATION: None

CONSENT CALENDAR
1. APPROVAL OF MINUTES – The City Council regular meeting on October 5, 2020.
2. WARRANT REGISTER – Period starting September 1, and ending on September 30, 2020.

| September 2020 | General Warrants | #40163 - #40279 | $ 915,437.69 |
| Payroll Warrants | #71357 - #71373 | $ 127,048.98 |
| TOTAL | | | $ 1,042,486.67 |

Motion to approve minutes by Council Member Valdez, second by Council Member Sablan, motion passed by 5-0 vote.
PUBLIC HEARING

3. RESOLUTION NO. 20-44 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH FOR AN ORDER CONFIRMING ASSESSMENTS TO BE LEVIED AGAINST PROPERTIES THAT ARE THE SUBJECT OF DELINQUENT CIVIL PENALTIES.

Public Hearing opened @ 6:20 pm – Comments given: Acct. Tech. I/Code Enforcement Secretary, Olga Flores, provided a presentation and detailed staff report about the listed properties with violations for more than 3 to 4 years. City Manager Ben Gallegos, advised the City is not here to fine residents/owners, but we need to make progress in correcting the violations & is willing to negotiate or reduce fines, if the owners correct the violation with two months of the citation. Caesar Rodriguez represented Case No. 2017-064 (9974 N Dos Palos Rd.). Mr. Rodriguez stated they are waiting for the entrance approval from Caltrans. Mrs. Flores informed Mr. Rodriguez, the City needs Building plans to correct violations this case was cited for, once the conditions are meet, the building plans will go before the Planning Commission for approval & this process will correct the violations. Mr. Gonzalez has spoken with Olga, Ben & Isabel, so he is aware of the conditions and process on which he needs to make to address case. If Mr. Gonzalez wishes to give authorization for staff to speak with you about his case, he may do so & staff will provide a copy to you. City Manager Gallegos, advised Mr. Gonzalez to proceed with the building issues, because the Caltrans matter is a separate process. Mr. Gonzalez asked for an extension. Manuel Duran, Jr., spoke to address the concerns of Case # 2017-238 (9504 N Lyon Ave.). Mr. Duran (son) was unaware of the issues, since he’s learned about the violations, he has made progress in correcting them. & in asking one or two more weeks too completely comply. Mr. Carlos Nunez represented Case No. 2017-239 (9512 N. Dos Palos Rd.), asked for fees to be reduced, since it was stated that we are in compliance. Fire Chief Borboa asked Carlos to clear the dry bush area to avoid fires. Mr. Nunez agreed to disk the area within a week. No one attend meeting for Case No 2018-006 (1140 Del Rio Ave.)- Public Hearing closed @ 6:45 pm.

Motion to approve Res. No. 20-44, the amendment to authorize the City Manager full authority to work with landowners/property owners & negotiate fees and conditions, by Council Member Valdez, second by Council Member Sablan, motion passed by 5-0 vote.

NEW BUSINESS

4. RESOLUTION NO. 20-45 - A RESOLUTION OF THE CITY OF FIREBAUGH APPROVING A PROFESSIONAL SERVICE AGREEMENT WITH SIGALA, INC. FOR INFILL DEVELOPMENT PLANNING SERVICES AND AUTHORIZING CITY MANAGER TO EXECUTE AGREEMENT.

Motion to approve Res. No. 20-45, by Council Member Sablan, second by Council Member Perez, motion passed by 5-0 vote.

5. RESOLUTION NO. 20-46 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO SUMMARILY VACATE PORTIONS OF 9TH STREET AND ADJOINING ALLEY FOR THE WHCCD NORTH DISTRICT CENTER.

Motion to approve Res. No. 20-46, by Council Member Valdez, second by Council Member Jenkins, motion passed by 4-1 vote. Sablan – Abstained.

6. THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO REVIEW AND CONSIDER A CANNABIS REGULATORY PERMIT FOR FIREBAUGH DEVELOPMENT CORPORATION TO CONDUCT COMMERCIAL CANNABIS OPERATIONS INCLUDING MANUFACTURING, RETAIL AND DISTRIBUTION.

Motion to deny Firebaugh Development Corp. permit application, by Council Member Lopez, second by Council Member Perez, motion passed by 5-0 vote.
STAFF REPORTS

- **City Manager, Ben Gallegos** – City will be a distribution center to hand out masks, funded by CARES Act. Working with Paul Ashby & Terry for grant money for Parks. Toma-Tek finished their season, so we are lowering the PSI for the winter to avoid line breaks, replacement part was $5,000, and so total cost could be about $10,000 to repair.

- **City Engineer, Mario Gouveia** – held pre-bid meeting for Poso Canal at 8th Street project.

- **Finance Director, Pio Martin** – reminded everyone, City Hall will be closed from 9:45 am to 1:00 pm for Diversity in the workplace zoom training, other cities will join the training & the closure has been posted.

- **Deputy City Clerk, Rita Lozano** – working on the LLMD ballots for Greystone Estates & gathering information for the LLMD for Cen Cal project in Del Rio. Pio & I will be in training Tuesday, Wednesday & Thursday morning this week.

- **Fire Chief, John Borboa** – High volume of Service Calls, Fire Department is self-funded and purchased a Fire Truck form Illinois, so we will be holding several ribs sales over the next few months to replenish funds spent for the purchase, first one will be held November 14, 2002.

- **Police Chief, Sal Ravigoza** – COVID-19 update, we are doing well, this past Thursday, and about 30 people participated in the COVID-19 testing in town. Continue to have an issue with Vandalism, by same kids from the Housing Authority, they have been arrested but are always released. The department has had some staff out but we should be back to full force in November, hopefully.

- **City Attorney James Sanchez** – nothing to report.

- **Council Member Sahlan** – nothing to report.

- **Council Member Valdez** – Congratulation to Felipe Perez, who was recognized & honored by Senator Anna Caballero for his hard work. Your service to this community & other surrounding communities with Census and programs is greatly appreciated. Working with West Hills College, in looking to fill their vacancies. There is a new College Director & Dean in Firebaugh North District, but they are also looking for a New Chancellor, the last one at the Coalinga site has resigned. Told Council Member Jenkins the food vending event was great and asked him how he did?

- **Council Member Jenkins** – Thank you for the food vending event, it was actually about 154 tri-tips, & 900 sandwiches sold by Mr. Jenkins, who received a phone call, telling him that is was the best she ever had & she was vegetarian. Many great comments were given about the turn out on the event & Mr. Jenkins, Thanked Ben for getting what everyone needed for the event & for his help.

- **Council Member Perez** – Thanked Council Member Valdez for his comment, and added, “I love what I do, so I give 100%!”

PUBLIC COMMENT ON CLOSED SESSION ITEM ONLY

CLOSED SESSION

ANNOUNCEMENT AFTER CLOSED SESSION

ADJOURNMENT

*Motion to adjourn by Council Member Jenkins, second by Council Member Perez; motion passed by 5-0 vote at 7:47 p.m.*
BACKGROUND

In 2013, the Council approved refinancing the 2005 Water Revenue Bonds with the 2013 Water Revenue Refunding Bonds (the “2013 Bonds”) through a Direct Placement with Pinnacle Public Finance (“Pinnacle”) a division of Bank United Company. The interest rate on the 2013 Bonds was 3.85% through the final maturity date of June 1, 2031. Although interest rates have declined, the cost of issuance for a completely new refinancing would make refinancing the 2013 Bonds uneconomical.

In discussions with City Staff, Albert Peché of A. M. Peché & Associates LLC (“Peche & Associates”), the City’s Financial Advisor, suggested negotiating a Rate Adjustment with Pinnacle. These discussions were held in September and October. Through a Term Sheet dated October 22, 2020 Pinnacle offered to a Rate Adjustment that would lower the interest rate on the 2013 Bonds to 2.50%, a decline of 1.35% over the current interest rate of 3.85%.

ANALYSIS:

Remaining Debt Service on the 2013 Bonds, with an interest rate of 3.85%, is $1,278,520. Based on the offered 2.50% rate, the remaining new debt service on the 2013 Bonds would be $1,227,757 for a savings of $50,762, or $43,156 of net present value savings that includes all cost of issuance. Net present value savings (“NPV”) is 4.13% of the remaining 2013 Bonds, which is well within the 3% to 5% of NPV that is recommended by the Government Finance Officers Association. The par amount of the 2013 Bonds after the Rate Adjustment will be approximately $1,075,000 and the maturity will remain June 1, 2031.

The cost of issuance for the Rate Adjustment for the 2013 Bonds is included in the savings analysis and will be approximately $30,000. This will be for services performed by Peché & Associates as Municipal Advisor, Hilltop Securities as Placement Agent, Kutak Rock LLP as Bond Counsel, and Chapman & Cutler LLP as Bank Counsel. Based on the new par amount of approximately $1,075,000, the cost of issuance represents 2.79%. This cost and percent of par is much lower that the estimated range 4% to 6% for cost of issuance for this par amount had this been a full refinancing.

FISCAL IMPACT:

As described above, there will be $50,762 of gross savings that will benefit the Water Enterprise rate payers. This will help to minimize, but not eliminate, future water rate increases. Given that there is only 11 years remaining on the 2013 Bonds and rates are at historical low levels, this will likely be the last time that rates can be lowered on the 2013 Bonds on an economical level. As each year passes and the 2013 Bonds come closer to maturity on June 1, 2031, there are less years on which to save money.
RECOMMENDATION:

Proceed with the acceptance of the Rate Adjustment from Pinnacle Public Finance. If approved by the Council, work will start on the Rate Adjustment and legal documentation will be drafted and brought back to the Council for the November 16th meeting. The City will make the scheduled payment on the 2013 Bonds on December 1st. The new lower debt service will also begin also on December 1st with the first scheduled payment on June 1, 2021.

Attachments:

October 22, 2020 Term Sheet for Rate Adjustment from Pinnacle Bank
Initial Resolution to Proceed Planning for the Rate Adjustment
City of Firebaugh

Rate Adjustment for the Firebaugh 2013 Water Revenue Refunding Bonds

Council Presentation on November 2, 2020

A. M. Peche' & Associates LLC
Background

- The City issued $273,000 and $1,760,000 of Certificates of Participation (COPs) in December 1993 June 1996, respectively, to finance water system improvements.
- In October 2005, the City refinanced these two COPs by issuing $1,970,000 of 2005 Refunding Revenue Bonds. The 2005 Bonds were rated BBB- by S&P.
- S&P upgraded the 2005 Bonds to A- in June 2008. The A-rating was reaffirmed in November 2011 and is also the rating on the 2016 Water Revenue Refunding Bonds that refinanced USDA bonds.
- In August 2013, the Council approved refinancing the 2005 Bonds with the 2013 Water Bonds Direct Placement.
- On November 6, 2013, the 2013 Water Bonds closed paying off the prior 2005 Water Bonds.
Opportunity to Make Rate Adjustment to the 2013 Bonds

- The City utilized a Direct Placement to refinance the 2013 Bonds with Pinnacle Public Finance, a Bank United Company, with a rate of 3.85% with a maturity on June 1, 2031
- To increase savings and minimize costs of issuance, Hilltop Securities and Peche & Associates requested a Rate Adjustment with Pinnacle. Pinnacle agreed to a new rate of 2.50%, a decrease of 1.35%, that would start on December 1st if approved by the Council. It does **not** change the maturity of June 1, 2031
- Benefits of Negotiating a Rate Adjustment:
  - Cost savings of only negotiating with original bank versus several banks
  - Pinnacle would rather accept a lower rate than lose the loan altogether
  - Less documentation as original legal documents are used. However, a no-adverse affect and validity opinion is required, and such opinion will be issued by Kutak Rock LLP, Bond Counsel
  - Smaller cost of issuance
  - Increased savings by lowering costs
# Savings

SAVINGS

City of Firebaugh
2020 Water Revenue Refunding Bonds

<table>
<thead>
<tr>
<th>Date</th>
<th>Prior Debt Service</th>
<th>Refunding Debt Service</th>
<th>Savings</th>
<th>Present Value to 12/01/2020 @ 3.0507808%</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/01/2021</td>
<td>61,226.37</td>
<td>58,809.09</td>
<td>2,417.28</td>
<td>2,380.96</td>
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<tr>
<td>06/01/2022</td>
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<td>119,863.32</td>
<td>4,834.56</td>
<td>4,655.14</td>
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<td>06/01/2023</td>
<td>125,881.63</td>
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<td>4,834.58</td>
<td>4,516.32</td>
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<tr>
<td>06/01/2024</td>
<td>121,929.14</td>
<td>117,094.57</td>
<td>4,834.57</td>
<td>4,381.62</td>
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<tr>
<td>06/01/2025</td>
<td>122,837.87</td>
<td>118,003.30</td>
<td>4,834.57</td>
<td>4,250.95</td>
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<tr>
<td>06/01/2026</td>
<td>118,607.88</td>
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<td>4,834.57</td>
<td>4,124.17</td>
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<tr>
<td>06/01/2027</td>
<td>119,117.88</td>
<td>114,283.32</td>
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<td>06/01/2031</td>
<td>122,742.87</td>
<td>117,908.29</td>
<td>4,834.58</td>
<td>3,544.79</td>
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</tbody>
</table>

1,278,520.16 1,227,757.17  50,762.99  43,156.78

## Savings Summary

- PV of savings from cash flow: 43,156.78
- Net PV Savings: 43,156.78
# Summary of Refunding Results

**City of Firebaugh**  
**2020 Water Revenue Refunding Bonds**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dated Date</td>
<td>12/01/2020</td>
</tr>
<tr>
<td>Delivery Date</td>
<td>12/01/2020</td>
</tr>
<tr>
<td>Arbitrage yield</td>
<td>2.500000%</td>
</tr>
<tr>
<td>Escrow yield</td>
<td>0.000000%</td>
</tr>
<tr>
<td>Value of Negative Arbitrage</td>
<td></td>
</tr>
<tr>
<td>Bond Par Amount</td>
<td>1,074,957.53</td>
</tr>
<tr>
<td>True Interest Cost</td>
<td>2.500000%</td>
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<tr>
<td>Net Interest Cost</td>
<td>2.500000%</td>
</tr>
<tr>
<td>All-In TIC</td>
<td>3.050781%</td>
</tr>
<tr>
<td>Average Coupon</td>
<td>2.500000%</td>
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<tr>
<td>Average Life</td>
<td>5.686</td>
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<tr>
<td>Weighted Average Maturity</td>
<td>5.686</td>
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<tr>
<td>Par amount of refunded bonds</td>
<td>1,044,957.53</td>
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<tr>
<td>Average coupon of refunded bonds</td>
<td>3.850000%</td>
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<tr>
<td>Average Life of refunded bonds</td>
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<tr>
<td>Remaining weighted average maturity of refunded bonds</td>
<td>5.806</td>
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<tr>
<td>PV of prior debt to 12/01/2020 @ 3.050781%</td>
<td>1,088,114.31</td>
</tr>
<tr>
<td>Net PV Savings</td>
<td>43,156.78</td>
</tr>
<tr>
<td>Percentage savings of refunded bonds</td>
<td>4.130003%</td>
</tr>
</tbody>
</table>
Estimated Savings and Costs

Based on a December 1, 2020 Closing

- Remaining Debt Service on 2013 Bonds is $1,278,520
- Based on the new rate of 2.50%, the new debt service will be $1,227,757 for a savings of $50,762 or $43,156 of net present value savings (today’s dollars) net of all cost of issuance
- Net present value savings is 4.13%, which is well within the 3% to 5% NPV of GFOA guidelines for an economic refinancing. The maturity remains the same of June 1, 2031
- Cost of Issuance
  - The $1,512,414 2013 Water Bonds had a cost of issuance of $82,975 or 5.49% of par
  - Due to seeking a Rate Adjustment, as opposed to a refinancing, the proposed $1,075,000 2020 Rate Adjustment will have a cost of issuance of approximately $30,000 or approximately 2.79% of par
- Due to historical low interest rates and a maturity of only 11 years, it is unlikely that the City will have the opportunity to refinance the 2013 Water Bonds in the future as each year closer to maturity, is one less year of savings
- Financing Team of Peche’ & Associates LLC, Hilltop Securities and Kutak Rock LLP will work on a contingent basis and will only be compensated from the 2020 Rate Adjustment at closing.
Timeframe for 2020 Rate Adjustment

- November 2\textsuperscript{nd} – Council approves Resolution of Intent to proceed with the Rate Adjustment and hire financing team on a contingent basis

- November 6\textsuperscript{th} - Final Credit Approval from Pinnacle

- November 16\textsuperscript{th} – Council approves legal documentation

- December 1\textsuperscript{st} – Closing of Rate Adjustment. City makes final payment at the 3.85% rate. City’s first payment of lower debt service under the new rate of 2.50% commences on June 1, 2021
Questions
October 22, 2020

VIA Electronic Mail

Mr. Ben Gallegos
City Manager
City of Firebaugh, California

RE: City of Firebaugh, California - Water Refunding Revenue Bond, Series 2020

Dear Mr. Gallegos,

Pinnacle Public Finance, Inc., a BankUnited Company, is pleased to provide this term sheet for the City of Firebaugh, California Water Refunding Bond, Series 2020.

Corporate Overview: In October 2010, BankUnited acquired the public finance business from Koch Financial Corporation and now operates it under the name Pinnacle Public Finance, Inc. Pinnacle is headquartered in Scottsdale, Arizona and is a market leader in providing financing directly to its state and local government clients and through its vendor programs and alliances.

Since beginning as Pinnacle, our group has funded over 2,000 municipal transactions nationwide totaling more than $3.0 billion. Pinnacle has the knowledge and the resources to fund complex programs that require innovative and flexible financing solutions.

Our proposed terms and conditions are as follows:

Borrower: City of Firebaugh, California ("Borrower" or "City")

Lender: Pinnacle Public Finance, Inc., a BankUnited Company ("Lender" or "Pinnacle")

Financial Advisor: A.M. Peche’ & Associates LLC ("Advisor")

Placement Agent: Hilltop Securities Inc. ("Agent")

Bond Counsel: Kutak Rock LLP ("Bond Counsel")

Lender’s Counsel: Chapman and Cutler LLP ("Lender’s Counsel")

Issue Type: Municipal loan in the form of a bond (the "Loan"). The registered owner will be Pinnacle Public Finance, Inc. and Pinnacle requests physical delivery of the bond, printed on safety paper, with no CUSIP and no reference to DTC or book-entry only system. Pinnacle prefers the bond be structured as a single term bond with mandatory sinking fund redemptions.
Transaction Amount: $1,075,000 (preliminary and subject to change)

Purpose: The Loan proceeds will be used to amend the Resolution for the City’s Water Revenue Refunding Bonds, Series 2013 and pay costs of issuance. Pinnacle is the current holder of the Series 2013 bond.

Security: The payment of principal and interest for the Loan will be secured by a first lien upon and pledge of Net Revenues of the City’s water system.

Term: The Loan will have a final maturity of June 1, 2031 with an average life of approximately 5.7 years.

Interest Rate: 2.50%

Interest Rate Expiration: The Interest Rate is valid through December 4, 2020.

Projected Funding Date: It is assumed the Loan will fund on or about December 1, 2020.

Payment Frequency: Principal and interest will be paid semi-annually each June 1 and December 1, commencing June 1, 2021.

Debt Service Requirements: Please see the attached Preliminary Debt Service Schedule.

Prepayment Terms: Prior to December 1, 2027, the Loan is not subject to prepayment. Beginning December 1, 2027, the Loan is subject to prepayment in whole or in part anytime at a price equal to 102% of par plus accrued interest.

Documentation: The Lender assumes all financing documentation will be prepared by Bond Counsel in form and content acceptable to the Lender and Lender’s Counsel. Further, it is assumed Bond Counsel will provide a validity and No-Adverse tax opinion at no cost to the Lender.

This proposal is subject to review and acceptance of all documents by the Lender and Lender’s Counsel.
Requested Provisions: The Lender will require a gross-up provision in the event the Loan becomes taxable due to actions or omissions of the City. If the Loan becomes taxable the taxable rate of interest will be calculated using the formula below:

\[
\frac{\text{Interest Rate}}{1.00 - \text{Maximum Current Corporate Tax Rate}^*} = \text{Taxable Rate}
\]

*Such Corporate Tax Rate being expressed as a decimal.

The taxable interest rate will be effective as of the date of a final determination of the Internal Revenue Service or a court of competent jurisdiction or an opinion of a nationally recognized bond counsel selected by the Lender.

The Lender assumes all other terms will remain unchanged from the 2013 Loan.

Reporting: The Lender will request that the Borrower agree to provide its CAFR within 270 days of the close of each fiscal year. Additionally, the Lender will request that the Borrower agree to provide such other financial information as the Lender may reasonably request, including but not limited to, its annual budget for any prior or current fiscal year or subsequent fiscal years. Subject to negotiation.

Assignment: It is our present intention to hold the Loan to maturity; however, the Lender will require that it reserves the right to assign, transfer or convey the Loan (or any interest therein or portion thereof) only to any of its affiliates or to banks, insurance companies or similar financial institutions or their affiliates, including participation arrangements with such entities.

Fees/Closing Costs: The Lender proposes the inclusion of up to $5,000 for Lender’s Counsel in the costs of issuance. The Borrower will be responsible for any fees or expenses with respect to its (i) issuing costs, (ii) legal counsel (iii) Bond Counsel and (iv) title/registration fees, if any.

Pre-Close Requirements: The Lender will require a complete executed copy of the transcript by noon the day prior to funding (a scanned copy is acceptable). Ultimately, the Lender will require a complete transcript with original signatures.

Borrower Covid-19 Impact Representation: Pinnacle will ask the City to provide a signed copy of a Certificate of Director of Finance Regarding Covid-19 Impact. A form of the certificate has been included with this proposal.

IRMA Representation: The Lender requests the Borrower provide a letter confirming the Advisor is acting as Independent Registered Municipal Advisor under the SEC Municipal Advisor Rule. A copy of the requested letter is included with this proposal.
Pinnacle’s Role
As Lender: The transaction described in this document is an arm’s length, commercial transaction between the Borrower and Pinnacle in which: (a) Pinnacle is acting solely as a principal (i.e., as a lender) and for its own interest; (b) Pinnacle is not acting as a municipal advisor or financial advisor to the Borrower; (c) Pinnacle has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether Pinnacle has provided other services or is currently providing other services to the Borrower on other matters); (d) the only obligations Pinnacle has to the Borrower with respect to this transaction are set forth in the definitive transaction agreements between Pinnacle and the Borrower; and (e) Pinnacle is not recommending that the Borrower take an action with respect to the transaction described in this document, and before taking any action with respect to this transaction, the Borrower should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate.

Credit Approval: This proposal is subject to final credit approval.

Please feel free to call me at 480.419.3634 with any questions or further clarification.

Thank you for the opportunity to present this proposal.

Sincerely,

Blair Swain

Blair Swain
Senior Vice President, Direct Markets

CC: Pio Martin, City of Firebaugh
Albert Peche', A.M. Peche' & Associates LLC
Todd Smith, Hilltop Securities Inc.
Andy Kuo, Hilltop Securities Inc.
Albert Reyes, Kutak Rock LLP
## Preliminary Debt Service Schedules

<table>
<thead>
<tr>
<th>Pmt #</th>
<th>Payment Date</th>
<th>Payment Amount</th>
<th>Interest</th>
<th>Principal</th>
<th>Purchase Price</th>
<th>Outstanding Balance</th>
<th>Annual Total</th>
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RESOLUTION NO. 20-47

A RESOLUTION OF THE CITY OF FIREBAUGH DIRECTING STAFF TO PROCEED WITH PLANNING FOR A RATE ADJUSTMENT TRANSACTION RELATING TO THE CITY'S WATER REVENUE REFUNDING BONDS, SERIES 2013 AND APPOINTING A FINANCING TEAM IN CONNECTION THEREWITH

WHEREAS, the City of Firebaugh (the "City") is a municipal corporation duly organized and existing under the laws of the State of California; and

WHEREAS, the City has previously issued its Water Revenue Refunding Bonds, Series 2013 (the "2013 Bonds"); and

WHEREAS, Pinnacle Public Finance, Inc., a BankUnited Company, as successor to Pinnacle Public Finance, Inc. (the "Purchaser") purchased the 2013 Bonds at the time of issuance of the 2013 Bonds and is currently the sole Bond owner of the 2013 Bonds; and

WHEREAS, the Purchaser has offered to the City, pursuant to a Term Sheet dated October 22, 2020 (the "Term Sheet") on file with the City Council of the City (the "City Council"), to reduce the existing interest rate on the 2013 Bonds; and

WHEREAS, the City has expressed interest in accepting the Term Sheet and entering into a rate adjustment transaction with the Purchaser (the "Rate Adjustment Transaction") in order to achieve debt service savings on the 2013 Bonds; and

WHEREAS, the City Council desires to direct staff to pursue the steps necessary to consummate the Rate Adjustment Transaction, to appoint A. M. Peché & Associates LLC, as municipal advisor, Hilltop Securities Inc., as placement agent, and Kutak Rock LLP, as bond counsel, for the Rate Adjustment Transaction.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CITY OF FIREBAUGH AS FOLLOWS:

SECTION 1. Direction to Staff. The City Manager and all other employees of City are hereby authorized and directed to take such actions as are necessary or appropriate to provide for the Rate Adjustment Transaction, including the execution of the Term Sheet, and, at such time as determined appropriate, to present to this City Council all resolutions and documents necessary in connection therewith. Nothing in this Resolution shall in any way commit the City to enter into the Rate Adjustment Transaction, and the City is under no obligation to go forward with closing the Rate Adjustment Transaction.

SECTION 2. Approval of Consultants. The City Council hereby appoints the firms of A. M. Peché & Associates LLC, as municipal advisor, Hilltop Securities Inc., as placement agent or underwriter, and Kutak Rock LLP, as bond counsel, in connection with the proposed Rate Adjustment Transaction. The City Council hereby authorizes the City Manager to execute and deliver an agreement, if necessary, with said firms for their respective services. Payment of fees and expenses with respect to such agreements shall be contingent upon the closing of the Rate Adjustment Transaction.
SECTION 3. Other Acts. The officers and staff of the City are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with the City Attorney and Kutak Rock LLP, bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, and any and all such actions previously taken by such Officers or staff members are hereby ratified and confirmed.

SECTION 4. Effective Date. This Resolution shall take effect upon adoption.

* * * * * * * * * *

The foregoing Resolution No. 20-47 was adopted by the City Council on the 2nd day of November, 2020, by the following vote:

AYES: MEMBERS:

NOES: MEMBERS:

ABSENT: MEMBERS:

ABSTAIN: MEMBERS:

APPROVED:       ATTEST:

Elsa Lopez, Mayor         Rita Lozano, Deputy City Clerk