



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** July 2, 2024

**TO:** Paul Buddenhagen, Executive Director

**FROM:** Lawrence Chiu, Finance Director

**SUBJECT:** Resolution Of The City Of Emeryville As Successor Agency To The Emeryville Redevelopment Agency Authorizing The Executive Director To Execute A Professional Services Contract With KNN Public Finance, LLC In An Amount Not To Exceed \$56,000 For Municipal Advisory Services To Assist With Refunding Of The \$37 Million Tax Allocation Refunding Bonds, Series 2014A (Tax Exempt) And Series 2014B (Taxable)

### RECOMMENDATION

Staff recommends that the City of Emeryville as Successor Agency to the Emeryville Redevelopment Agency adopt the above-entitled resolution authorizing the Executive Director to execute a professional services contract with KNN Public Finance, LLC, in an amount not to exceed \$56,000 for Municipal Advisory Services to assist with refunding of the \$37 million Tax Allocation Refunding Bonds (TABs), Series 2014A (Tax Exempt) and Series 2014B (Taxable).

### BACKGROUND

In August 2014, the Successor Agency issued \$95,450,000 TABs Series 2014A (Tax Exempt) and \$14,270,000 TABs Series 2014B (Taxable) to prepay certain outstanding loan agreements entered into by the former Emeryville Redevelopment Agency and to refund certain outstanding bonds issued by the Emeryville Public Financing Authority which financed redevelopment and low and moderate income housing projects, and for the benefit of the Emeryville Redevelopment Project and the Shellmound Park Redevelopment Project. The table below summarizes the outstanding 2014 TABs:

	SERIES 2014A (TAX-EXEMPT)	SERIES 2014B (TAXABLE)
Original Par Amount	\$ 95,450,000	\$ 14,270,000
Outstanding Par	39,565,000	5,675,000
Callable Par	31,750,000	4,570,000
Optional Redemption Date	September 1, 2024	September 1, 2024
Final Maturity	September 1, 2034	September 1, 2031
Outstanding Coupon Range	3.500% - 5.000%	4.000% - 4.625%

The 2014 TABs are eligible to be refunded on or after September 1, 2024 to generate debt service savings. While interest rates will fluctuate between now and the pricing of the proposed Refunding TABs transaction, it is currently estimated that the refunding of the Series 2014A (Tax Exempt) TABs could generate total debt service savings of approximately \$1.6 million, of which approximately 20% or \$320,000 of total gross savings, would flow to the City's General Fund based on its allocation of residual increment; another 11.5% or \$184,000 of the savings will benefit the Emery Unified School District. In order to execute the proposed Refunding TABs, the City would benefit from the services of a municipal advisor.

## **DISCUSSION**

A Request for Proposals (RFP) was issued on April 3, 2024, requesting proposals from firms to provide a full range of municipal advisory services in connection with the refunding of the Tax Allocation Refunding Bonds, Series 2014A (Tax Exempt) and Series 2014B (Taxable). The deadline to submit proposals was April 30, 2024. Four firms responded to the RFP and were invited to participate in an interview/presentation. The interview panel included the Assistant City Manager, Finance Director and Accounting Manager who assessed the presentations and responses based upon the requirements of the RFP.

Based upon the first round of interview/presentation results, two firms were invited to a follow-up interview/presentation with the City Manager and Community Development Director. The review team recommended that KNN Public Finance, LLC be selected to provide municipal advisory services to assist with the refunding of the 2014 TABs.

KNN Public Finance, LLC, demonstrated detailed understanding of the project, compiled strong teams, formulated well thought-out approaches to the project, and showed ample technical expertise from past projects. In addition, KNN Public Finance is familiar with the City of Emeryville and worked with the City on the implementation of the \$50 million Measure C Affordable Housing General Obligation Bonds in 2023.

## **FISCAL IMPACT**

The cost of KNN Public Finance, LLC, contract is \$56,000, and will be paid from bond proceeds.

## **STAFF COMMUNICATION WITH THE PUBLIC**

There has been no communication with the public.

## **CONFLICT OF INTEREST**

None.

## **CONCLUSION**

It is recommended that the Successor Agency adopt the attached resolution authorizing the Executive Director to execute a professional services contract with KNN Public Finance, LLC in an amount not to exceed \$56,000 for Municipal Advisory Services to assist with refunding of the \$37 million Tax Allocation Refunding Bonds, Series 2014A (Tax Exempt) and Series 2014B (Taxable).

**PREPARED BY:** Lawrence Chiu, Finance Director

**APPROVED AND FORWARDED TO THE  
CITY COUNCIL OF THE CITY OF EMERYVILLE AS SUCCESSOR AGENCY TO THE  
EMERYVILLE REDEVELOPMENT AGENCY:**



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Paul Buddenhagen, Executive Director

## **ATTACHMENTS**

- Draft Resolution
  - Exhibit A – Professional Services Contract with KNN Public Finance, LLC.