


5/27/25


Item # 1.B



**Finance
Department**

**Item # 1.B – RTC 25-477
Council General Obligation
Bond Study Session**

May 27, 2025



**City of
Santa Clara**
The Center of What's Possible

Key Official Actions

Action	Estimated Timeline
1. Bond Compliance Citizens' Oversight Committee (COC) Confirmation & COC Bylaws Approval	May 27, 2025
2. Approve Ad Valorem Tax Levy for Debt Service ⁽¹⁾	June 10, 2025
3. Approve Updated Debt Management Policy	September 2025
4. Approve Bond Issuance and Related Documents ⁽²⁾	January 2026

⁽¹⁾ Annual until final maturity
⁽²⁾ Each Bond Issuance

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POST MEETING MATERIAL



Key Related Documents

Action & Document	Responsibility
1. Bond Compliance COC Confirmation & COC Bylaws Approval <ul style="list-style-type: none">Resolution Adopting Bylaws<ul style="list-style-type: none">Bylaws per City Ordinance No. 2069	Staff & Bond Counsel
2. Approve Ad Valorem Tax Levy for Debt Service <ul style="list-style-type: none">Resolution Authorizing Levy Based on Estimated Debt Service On Unsold GO Bonds<ul style="list-style-type: none">FY 2025/26 Property Tax Roll Amount per \$100,000 Assessed ValueBased on \$150 Million 1st Tranche Bond Issuance Size	Staff & Financial Advisor

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Tax Levy Resolution on June 10

- WHAT DOES THIS DO** →
 - Places a levy on the tax rolls for FY 2025/26
 - County collects property taxes November 2025 & February 2026*
 - City pays debt service due August 1, 2026 (estimated 1st payment date)
- WHY NOW** →
 - Reduces interest expenses
 - Immediately pays down Principal
 - Eliminates capitalized interest which increases total Principal amount

* County of Santa Clara distributes advances of Ad Valorem tax collections to cities in installments between November to June during each fiscal year

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Key Related Documents – cont'd

Action & Document	Responsibility
<p>3. Approve Updated Debt Management Policy</p> <ul style="list-style-type: none">• Update to include references to:<ul style="list-style-type: none">➤ Administrative Disclosure Procedures➤ Administrative Bond Proceeds Project Fund Drawdown Procedures• Possibly enhances Credit Ratings	Staff & Financial Advisor

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Key Related Documents – cont'd

Action & Document	Responsibility
<p>4. Approve Bond Issuance and Related Documents</p> <ul style="list-style-type: none">• Preliminary Official Statement (POS)*<ul style="list-style-type: none">➤ City of Santa Clara Overview➤ Property Assessed Valuation➤ Description of Funded Projects➤ Financial Information• Trust Agreement<ul style="list-style-type: none">➤ Trustee to hold Bond Proceeds in Project Fund• Bond Sale Documents<ul style="list-style-type: none">➤ Notice of Sale or Bond Purchase Agreement• Continuing Disclosure Certificate	Staff, Bond Counsel, & Financial Advisor

* Council Members' input requested – see Bond Counsel "Responsibilities of Council Members Regarding Bond Issuance" examples on page number 5

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Responsibilities of Council Members Regarding Bond Issuance

Timeline

- ▣ May 27: Appoint Citizens' Oversight Committee and Bylaws
- ▣ June 10: Resolution requesting County to levy property taxes in anticipation of bond issuance
- ▣ Fall 2025: Consideration of revised debt management policy
- ▣ Late 2025/early 2026: Resolution approving issuance of first series of Bonds

Resolution Approving Bonds

- ▣ All bond issues must be approved by Council under a resolution considered as an action item with opportunity for the Council to discuss and deliberate and take public comment
- ▣ Each resolution will approve the bond sale and issuance subject to a maximum borrowing amount and interest rate
- ▣ Resolution will approve as to form:
 - Basic legal documents necessary for bond issuance
 - Preliminary Official Statement, the disclosure document to be distributed to potential bond investors
 - A Continuing Disclosure Certificate obligating the City to file annual disclosure and event notices regarding the bonds
 - Sale documents to be used in connection with the public offering of the bonds



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Applicable Securities Laws

- ▣ Preliminary Official Statement
 - May not contain any untrue statements of a material fact or
 - Omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading
- ▣ Materiality
 - A fact is material if there is a substantial likelihood that a reasonable investor would view the fact as significantly altering the total mix of information in making an investment decision



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Council Responsibilities

■ SEC Standard

- “A public official who approves the issuance of securities and related disclosure documents may not authorize disclosure that the public official knows to be materially false or misleading; nor may the public official authorize disclosure while recklessly disregarding facts that indicate that there is a risk that the disclosure may be misleading.”
- Key to Council Members’ responsibility is reasonable oversight
- Council Members may reasonably rely on staff and consultants, including bond and disclosure counsel, as to the accuracy and completeness of the disclosure document

Council Responsibilities

- Council Members should bring their unique perspectives to bear on the disclosure as it relates to the City, with particular focus on big-picture issues relating to the City and its finances, and the projects to be financed, to ensure they are adequately described and nothing material is omitted. Examples may include pending departures of major employers, or significant threats to the City’s revenues. The goal is to ensure that the “elephant in the room” is not omitted.

