



**EAST BAY REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING
AGENDA STAFF REPORT**

DATE	October 1, 2024
TITLE	Authorization to Transfer and Appropriate \$359,429 to 2024 Promissory Note Debt Service Fund
DIVISION	Finance and Management Services
FROM	Deborah Spaulding, Assistant General Manager of Finance and Management Services
APPROVED	Sabrina Landreth, General Manager 

RECOMMENDATION

The General Manager recommends that the Board of Directors authorize transfer and appropriation of \$359,429 from the General Fund for payment of the first debt service interest payment for the 2024 Promissory Notes which is due on November 1, 2024.

BACKGROUND

The East Bay Regional Park District (Park District) acquired the building at 2955 Peralta Oaks North in 2019 with the intention to use the building as the Park District's public facing administrative building and Public Safety headquarters. Significant upgrades to the building's structure and floorplan were required in order to meet code requirements, as well as to achieve the Park District's specific programmatic and operational needs. On June 5, 2024, bids for the project construction were received. The award of the construction contract to Swinerton Inc. in the amount of \$59.9 million was approved by the Board of Directors on July 30, 2024.

During the months leading up to the construction contract award, Park District staff worked with external financial advisors and bond counsel to bring forward a recommendation to the Board of Directors to fund this project. Under Section 5544.2 of the California Public Resources Code, the Park District has the authority to issue promissory notes to acquire necessary facilities for the Park District. The Public Resources Code requires that debt for facilities not designated in the Park District's Master Plan must be repaid in a period not to exceed 20 years. On July 17, 2024, staff brought to the Board of Directors a recommendation to issue Promissory Notes to fund the renovation to the Peralta Oaks North building. The Board approved issuance of up to \$39.5 million in Promissory Notes for the project, with a 20-year repayment period.

The 2024 Promissory Notes were brought to two rating agencies for review and received the highest bond rating of AAA and Aaa by S&P and Moody's, respectively. These ratings reflected the expectation that the Park District's very strong financial position, extraordinarily large tax base, and strong public support will continue, allowing the Park District to fund required principal and interest payments for the Notes.

ANALYSIS

Following the Board's approval of the 2024 Promissory Note issuance, a competitive sale for the Notes was conducted on July 29, 2024. The sale was very successful, with 11 underwriters submitting bids to purchase the bonds and resell them to investors. The winning bid for the 2024 Promissory Notes, with the lowest total interest cost, came from Morgan Stanley. Their bid provided for a face value or par amount of \$35,175,000, and a bond issuance premium of \$4,150,925. This structure allowed for \$39,000,000 to be set aside for construction costs and an additional \$325,925 to be used to pay for promissory note issuance costs. Morgan Stanley was selected based on their proposal having the lowest true interest cost of approximately 3.36%.

On August 13th, the 2024 Promissory Note proceeds were received into a project fund trust account, with US Bank serving as the trustee. The Park District will be responsible for making annual principal and interest payments for the Notes of approximately \$2.75 million, with payments due twice annually, in May and November. General Fund revenues will need to be set aside annually, via the budget process, into a special fund solely for 2024 Promissory Note debt service payments. The first interest payment of \$359,429 is due on November 1, 2024. This amount was not previously budgeted, and so must be transferred from the General Fund into the new 2024 Promissory Note debt fund.

FISCAL IMPACT

In order to make the first interest payment on the Promissory notes, General Fund fund balance in the amount of \$359,429 will be transferred into a new fund, to be called the "2024 Promissory Note Debt Service Fund" (fund 814). In future years, these required principal and interest payments of approximately \$2.75 million per year will be transferred and appropriated via the annual budget process.

ATTACHMENTS

None



**EAST BAY REGIONAL PARK DISTRICT
RESOLUTION NO. 2024 – 10 -
OCTOBER 1, 2024**

**AUTHORIZATION TO TRANSFER AND APPROPRIATE \$359,429 TO 2024
PROMISSORY NOTE DEBT SERVICE FUND**

WHEREAS, the East Bay Regional Park District (Park District) acquired the building at 2955 Peralta Oaks North in 2019 with the intention to use the building as the Park District’s public facing administrative building and Public Safety headquarters; and

WHEREAS, significant upgrades to the building's structure and floorplan are required in order to fund the renovation costs for the building to meet code requirements, as well as to achieve the Park District’s specific programmatic and operational needs; and

WHEREAS, on July 17, 2024, the Board of Directors approved the issuance of 2024 Promissory Notes to be repaid over a 20-year period in an amount not to exceed \$39.5 million in order to fund the cost of the renovation of the building at 2955 Peralta Oaks North; and

WHEREAS, the first interest payment for the 2024 Promissory Notes in the amount of \$359,429 will be due on November 1, 2024;

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the East Bay Regional Park District hereby approves the appropriation and transfer of \$359,429 from the General Fund to the 2024 Promissory Note Debt Service Fund as presented to the Board on October 1, 2024; and

BE IT FURTHER RESOLVED, that the General Manager is hereby authorized and directed, on behalf of the Park District and in its name, to execute and deliver such documents and to do such acts as may be deemed necessary or appropriate to accomplish the intentions of this resolution.

Moved by Director _____, and seconded by Director _____, and adopted October 1, 2024, by the following vote:

FOR:

AGAINST:

ABSTAIN:

ABSENT: