

Agenda Item XI.A

**Authorizing the Issuance of 2024
Promissory Notes in an Aggregate
Principal Amount not to Exceed
\$47,500,000 and Directing the
Execution of an Indenture of Trust and
Authorizing Other Official Actions
Related Thereto**



Background on the 2955 Peralta Oaks North Building

- Initially constructed in 1983 by the State Compensation Insurance Fund.
- Purchased by the Park District in 2019 for \$14.4 million using 2012 Promissory Note funds.
- Intended to be used as Public Safety headquarters, Board of Directors meeting room, and administrative staff offices.
- Original construction cost estimate of \$30 million.



Cost to Renovate Peralta Oaks North Building

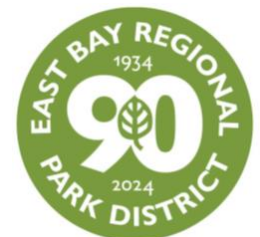
- ❑ Construction estimate prior to bidding = \$81 MM.
- ❑ Low bid received on June 5 = \$59.85 MM.
- ❑ Soft costs (construction management, architecture, engineering, staff time, etc.) = \$9.81 MM.
- ❑ Contingency = \$11.97 MM.
- ❑ Total = \$81.63 MM.



Funds available for Peralta Oaks North

| Source | Amount |
|--|---------------------|
| Balance remaining in existing project (159800) | \$341,000 |
| Remaining 2012 Promissory Notes | 881,000 |
| Future Office Needs project (558600)* | <u>33,400,000</u> |
| TOTAL | \$34,622,000 |
| Gap | \$47,000,000 |

- *Includes \$21.6 million of Committed Fund Balance that was appropriated into the project earlier this year.*



New Promissory Note Issuance

- Section 5544.2 of CA Public Resources Code provides authority for EBRPD to issue Promissory Notes.
- Would require principal and interest to be repaid over 20 years using General Fund revenues.
- Previous 2012 Promissory Note issuance of \$25 million for acquisition of Peralta Oaks North has an annual payment of \$1.42 million annually through 2037.



Funding Source Alternatives

| Source | Primary | Alternative A | Alternative B |
|----------------------|-------------------|-------------------|-------------------|
| Project 159300 | 341,000 | 341,000 | 341,000 |
| 2012 Prom Notes | 881,000 | 881,000 | 881,000 |
| Future Office Needs | 33,400,000 | 33,400,000 | 23,400,000 |
| Add'l Fund Balance | 4,000,000 | 0 | 20,000,000 |
| 2024 Prom Notes | <u>43,000,000</u> | <u>47,000,000</u> | <u>35,000,000</u> |
| Total Sources | 81,622,000 | 81,622,000 | 79,622,000 |
| | | | |
| Annual Debt Service* | \$3.16 MM | \$3.5 MM | \$2.6 MM |

*Preliminary, based on current market values.



Estimated Fiscal Impact of Primary Recommendation

Issuance of ~\$39.0 million Promissory Notes par amount.

- Plus ~\$4.4 million in premium generated by sale.
- Total of \$43.4 million in proceeds

Cost of issuance to be deducted from bond proceeds
=\$416,000 including:

- Rating agency fees
- Financial advisor
- Bond counsel
- Underwriters fee

20 years of debt service at ~\$3.16 million.*

*Preliminary, based on current market values.



Recommendation

Authorizing the Issuance of 2024 Promissory Notes in an Aggregate Principal Amount not to Exceed \$47,500,000 and Directing the Execution of an Indenture of Trust and Authorizing Other Official Actions Related Thereto

alternatively...



Recommendation

Authorizing the Issuance of 2024 Promissory Notes in an Aggregate Principal Amount not to Exceed \$43,500,000 and Directing the Execution of an Indenture of Trust and Authorizing Other Official Actions Related Thereto

