

**MINUTES OF THE CITY COUNCIL
OF THE CITY OF LOS ALAMITOS**

SPECIAL MEETING – June 23, 2015

1. CALL TO ORDER

The City Council met in Special Session at 5:32 p.m., Tuesday, June 23, 2015, in the Community Center – Lounge, 10911 Oak Street, Los Alamitos, CA, Mayor Murphy presiding.

Pursuant to Government Code Section 54953, Subdivision (b), this meeting included teleconference participation by Mayor Pro Tem Troy Edgar from Dallas/Plano Marriott at Legacy Town Center, Lobby, 7121 Bishop Road, Plano, Texas 75024.

2. ROLL CALL

Present: Council Members: Grose, Hasselbrink, Kusumoto,
Mayor Pro Tem Edgar, Mayor Murphy

Absent: Council Members: None

Present: Staff: Bret M. Plumlee, City Manager
Cary S. Reisman, City Attorney
Jason Al-Imam, Admin. Services Director
Dave Hunt, City Engineer
Corey Lakin, Community Services Director
Steven Mendoza, Community Development/Public
Works Director
Windmera Quintanar, CMC, City Clerk

3. SPECIAL ORDERS OF THE DAY

A. 2015 Certificates of Participation (Administrative Services)

Discuss which projects the City Council desires to fund with bond proceeds associated with the refinancing of the 2006 Certificates of Participation and to discuss the method of sale of the 2015 Certificates of Participation.

City Manager Plumlee introduced the item. Administrative Services Director Al-Imam summarized the Staff report, referring to the information contained therein, and answered questions from the City Council.

Mayor Murphy requested the method of sale be discussed first.

Administrative Services Director Al-Imam described and explained the differences between competitive and negotiated sales. He stated the primary objective was to achieve lowest cost of borrowing.

Thomas Johnsen, Fieldman Rolapp, spoke regarding the advantages and disadvantages of competitive and negotiated sales. He advised a competitive sale in a standard market with a high rating would be best, but stated concern at this time the market was not standard. He indicated the emphasis would be to get the lowest borrowing rate. He believed competitive sale would typically do that in these market circumstances; however, he stated concern Los Alamitos may get overlooked due to the low bond amount and the number of bonds on the market.

Council Member Kusumoto asked what the difference in interest rates would be between a competitive and negotiated sale.

Mr. Johnsen advised there was nothing to compare it to. He briefly explained a typical escrow process. He stated the sale could be accomplished however Council desired. He reiterated concern the City would be overlooked.

Mayor Murphy asked when the decision needed to be made.

Administrative Services Director Al-Imam stated should Council state support for a negotiated sale, Staff would move forward with a Request for Proposal (RFP) to select an underwriter. The decision would need to be solidified in August with bond documents. If council was opposed to a negotiated sale, an underwriter would not be needed.

Mayor Murphy asked Council if there were any strong feelings for either option.

Mayor Pro Tem Edgar questioned the flexibility of a negotiated sale.

Kim Byrons, Best, best, and Krieger, spoke regarding the difference between a negotiated and competitive sale in terms of escrow. She indicated there was more flexibility with a negotiated sale.

Mr. Johnsen clarified there was less flexibility with a negotiated sale, but not an absence of flexibility.

Mayor Pro Tem Edgar asked if a better rate would be received with a competitive or negotiated sale.

Council Member Kusumoto also questioned the difference in the interest rate.

Mr. Johnsen stated it would be a narrow range and added it would likely be 3-7 basis points and there were 100 points in a percent.

City Council and Staff discussed the variables in interest rates.

Council Member Grose questioned the status of the Public Facilities Corporation (PFC) originally established in 2006 and the Council's ability to proceed without a vote of the people. He questioned if the value of the property would be reassessed and indicated he was uncomfortable refinancing with old information.

Ms. Byron briefly explained the basics of constitutional debt and the exception for lease obligations that do not require vote of the people. She advised the PFC was in good standing and Staff had administratively maintained the existence. She briefly explained the lease process between the City and PFC and advised the lease payments could not exceed fair rental value of the park.

Administrative Services Director Al-Imam stated the property was assessed at \$6 million and was purchased at \$4.8 million. The General Fund paid \$1.8 million and the difference was financed.

Ms. Byron stated the present fair rental value at \$4.8 million and that value would be used moving forward.

City Council and Staff discussed the City's desire to keep debt service payments at or lower than what they currently are.

City Council and Staff discussed the timeline and concluded there was no great advantage in waiting.

Mayor Murphy asked Mr. Johnsen for his opinion.

Mr. Johnsen stated being conservative, he would opt for a negotiated sale because there is more certainty.

Mayor Pro Tem Edgar stated concern that Staff had recommended a competitive sale for flexibility and Mr. Johnsen recommended negotiated sale to be conservative. He believed Staff was unsure of the decision that needed to be made.

Mr. Johnsen clarified there is more certainty with a negotiated sale because the pricing would be known on that day. A competitive sale depends on the market conditions of the day.

Ms. Byron clarified a negotiated sale will achieve the City's goal on that day of savings; a competitive sale may or may not meet the City's goal on a given day.

Council Member Kusumoto indicated a competitive sale was probably preferred. He stated his understanding that a negotiated sale would ensure an interest rate and steady payment and a competitive sale may lower interest rate or the payment. He questioned if Council should take the risk and pointed out the potential money difference was not significant.

Mayor Murphy estimated a difference of \$4,500 annually and pointed out that could be positive or negative.

Council Member Hasselbrink understood the payment would not be affected and it was just how much additional money would be available.

Mr. Johnsen briefly explained the difference would be solely accountable to the sales type.

Mayor Murphy opened the item for public comment.

JM Ivler, resident, stated support for a competitive sale and believed it was worth the risk.

Josh Wilson, resident, stated a competitive sale would yield a better market and interest rate. He questioned if additional fees would increase the rates.

Mayor Murphy closed the item for public comment.

Mr. Johnsen briefly explained the fees paid for each sale and believed the overall difference in fees would be between \$23,000 and \$30,000.

Motion/Second: Edgar/Hasselbrink

Unanimously Carried: The City Council approved competitive sale as the method of sale for the 2015 Certificates of Participation.

ROLL CALL

Council Member Grose	Aye
Council Member Hasselbrink	Aye
Council Member Kusumoto	Aye
Mayor Pro Tem Edgar	Aye
Mayor Murphy	Aye

Mayor Murphy questioned if anyone was opposed to discussing the additional \$900,000.

Council Member Kusumoto stated he had concerns and asked for clarification of when the money had to be spent.

Ms. Byron briefly explained that 85% of the money borrowed had to be spent in three years.

Mayor Murphy stated Administrative Services Director Al-Imam could easily put a list together and did not feel spending the money would be a problem.

Administrative Services Director Al-Imam suggested including projects that would be done regardless so there is some flexibility.

Council Member Grose asked which projects were shovel ready.

City Engineer Hunt advised Apartment Row (Bloomfield, Farquhar to Katella) (Noel, Farquhar to Katella), and (Lexington, Farquhar to Katella) were all designed and ready to go.

Administrative Services Director Al-Imam advised Old Dutch Haven would be a good item since there is already a funding source and it is a higher priority project. The City could reimburse itself and save additional Measure M and Gas Tax funds.

Mayor Murphy opened the item for public comment.

JM Ivler, resident, spoke in favor of front loading projects with the additional money, but stated concern the money could be used frivolously. He stated support for using the money and using it for capital projects.

Josh Wilson, resident, stated support for investing money in capital improvement projects. He stated support for the Los Alamitos Blvd. Project as it would be an investment for business and would attract and retain projects.

Mayor Murphy closed the item for public comment.

City Council and Staff discussed the process of grant funding for capital improvement projects.

Council Member Kusumoto believed Council could use the additional funds. He stated the City had a healthy reserve that could be utilized now. He stated opposition to using this money on projects that could receive grant funding in the future.

City Engineer Hunt clarified there is no guarantee the City would be awarded a grant.

Council Member Kusumoto understood if street improvements were already paid for the City could no longer apply for a grant.

Mayor Murphy stated the purpose for doing this would be to take up front money and multiply it. As a general rule, grant funds cannot be used for residential projects so the funds could be used towards those types of projects that would not receive grants.

City Council and Staff discussed the next steps were to create a list on how the funds would be spent and prioritize them. The consultants were thanked for their time and dismissed.

Mayor Pro Tem Edgar agreed these funds should not be spent frivolously and advised the community would be watching. He stated support for the Los Alamitos Blvd. Project and confirmed the amount listed was only for the median islands as a starting point. He spoke regarding the importance of the City being able to rebrand itself and establish itself among the regional leaders. He stated support for committing to a bigger project and seeing it through to completion.

RECESS

The City Council took a brief recess at 6:46 p.m.

RECONVENE

The City Council reconvened in Special session at 7:03 p.m.

Mayor Pro Tem Edgar reiterated support for the Los Alamitos Blvd. Project. He stated the amount in the report was only a portion of the project and asked Staff if they actively looked for grants.

City Engineer Hunt answered in the affirmative and gave a brief overview of different available grants.

Mayor Pro Tem Edgar stated support for getting the Los Alamitos Blvd. Project started and not relying on grants that the City may or may not get. He confirmed Council has defined a smaller median project. He believed it was important for the community to understand the City was pulling money out for economic revitalization in the City. He indicated he could only be supportive if the funds went towards a specific substantive project that would help change the economic trajectory of the City.

Council Member Hasselbrink stated she had picked the projects from the CIP list that would have the biggest impact on the most people in the

shortest amount of time. She listed the following projects that she believed would enhance the City, affect a lot of people, and improve traffic:

25. Cerritos Ave @ High School Intersection – Dual left turns into school
26. Cerritos Ave @ High School Intersection – Modify signal and widen school entrance and exits
27. Cerritos Ave./Los Alamitos Blvd. Intersection Improvements
14. 2 Alley Improvements – Between Pine and Regan and Kyle and Bloomfield
10. Los Alamitos Blvd. Revitalization project

Council Member Hasselbrink stated it was better to overspend the funds and suggested applying extra funds to rubberized grounds of the parks.

Mayor Murphy asked for an estimated project time line for Los Alamitos Blvd. and the grant timing.

City Engineer Hunt gave an overview of the process and advised it would be about a year to plan and three to four months of construction. He advised the City could apply for grants in October and if approved, could start construction in October 2016.

Mayor Murphy stated concern about spending money on a project to save a year's worth of time when there was potential grant funding should the City wait.

City Council and Staff discussed the different possible grant requirements, requirements for applying for grants, possible next steps of the project, and the unlikelihood that grant funds would cover design.

City Council and Staff discussed the possibility of using \$100,000 in bond funds to continue the design phase of the Los Alamitos Blvd. Project since grant funds would not cover that portion.

Mayor Pro Tem Edgar requested Council find a middle ground and stated concern that any of the listed projects could fail.

Mayor Murphy believed the reason to do this would be for the potential multiplier of money and advised conservatively he would stick to the CIP list. He did not feel parks needed to be addressed with these funds since Park Fund money would eventually be coming. He stated support for moving forward with the medians and asked what was next.

City Manager Plumlee stated Mayor Pro Tem Edgar had proposed including \$200,000 from the CIP list towards design. Mayor Murphy expected to only spend half of that.

Council Member Grose stated concern that several of the property owners were not residents and he would prefer they be engaged in the City's plans for enhancement. He strongly urged Council to consider including all business owners in the process and believed if the City did not have their support, ultimate results would not be reached.

Mayor Murphy stated support for the Dutch Haven Wall being towards the top and questioned if items 25-27 would be discussed with the Los Alamitos Unified School Board (LAUSD).

City Engineer Hunt stated the listed amount was the total cost of the project and the next phase would include meeting with LAUSD. He gave a brief outline.

Council Member Hasselbrink stated support for the projects because they would directly affect traffic and she had not considered cost sharing. She preferred the projects not be delayed for cost sharing.

City Council and Staff discussed the possible grant opportunities. Staff reiterated grants were not guaranteed.

Council Member Grose stated he had spoken with a LAUSD Board Member who had stated a preference for having a joint meeting with elected officials as he felt Staff slowed the process down. He referred to the funding for crossing guards and felt Council was missing the opportunity to have an open discussion. He stated support for items 25-27, but wanted to ensure nothing was being forced upon the LAUSD.

Council Member Hasselbrink questioned why the City would need LAUSD's support to maintain the City streets.

Council discussed and clarified the whole traffic study was not up for discussion, only the immediate projects listed in 25-27.

Council Member Kusumoto stated concern Council was trying to find ways to spend money when there was a deliberate established 7 year CIP. He stated support for identifying CIP items that could be completed in compliance with the bond requirements. He stated support for developing a master plan for the Los Alamitos Blvd. Project, but was concerned about adding medians arbitrarily. He was supportive of multiplying the money to do good in the community and questioned longer term projects and real property acquisition. He wanted to ensure the plan was realistic. He questioned if the money was really needed.

Mayor Murphy stated a benefit was that spending bond funds would be limited by bond laws. He agreed the money should be used for a specific purpose and it would take Council's vigilance to ensure that occurred.

Council Member Grose requested an item be added for \$250,000 to get recycled water across the freeway to Los Alamitos. He did not think the project would be complete in three years, but it could at least get the project started. He pointed out there was value to the community as it would help with the upkeep of the fields.

Mayor Pro Tem Edgar suggested having a motion to start working on a project list. He stated there was Council support to extend the amortization from 21-30 and borrow the additional funds.

Mayor Murphy stated a preference for continuing discussion. He requested Staff prepare a list for the best way to multiply the City's money and each Council Member could prepare their own list to discuss.

Mayor Pro Tem Edgar stated that was the action for tonight and questioned if the specific list was needed by July 10.

Mayor Murphy stated his concerns were regarding the actual actions taken by Council. He asked if Staff had enough to put together a list.

Administrative Services Director Al-Imam clarified Best, Best, and Krieger (BBK) required a list that the majority of the Council was committed to.

City Council and Staff discussed the timeline.

Council Member Kusumoto questioned if the money could be used towards providing a utility to the residents. Providing a utility would enhance the City's revenue streams.

Mayor Pro Tem Edgar stated support for longer type projects. He believed Council was taking a prudent financial move by using its great rating to take advantage of this opportunity. He pointed out that local owners and property owners were invited to participate in the General Plan and there was little involvement. He stated support for Council Member Hasselbrink's suggested items.

Council Member Kusumoto agreed it was prudence and due diligence that got Council to this opportunity. He understood the importance of leveraging what the City could to keep the cash flow steady.

Motion/Second: Hasselbrink/Edgar

Motion Failed 2/2: Approve the following projects to fund with bond proceeds associated with the refinancing of the 2006 Certificates of Participation:

10. Los Alamitos Blvd. Revitalization project – \$500,000
14. 2 Alley Improvements – Between Pine and Regan and Kyle and Bloomfield – \$150,000
25. Cerritos Ave @ High School Intersection – Dual left turns into school – \$5,000
26. Cerritos Ave @ High School Intersection – Modify signal and widen school entrance and exits - \$92,000
27. Cerritos Ave./Los Alamitos Blvd. Intersection Improvements – \$131,000
16. Old Dutch Haven Block Wall – \$30,000

ROLL CALL

Council Member Grose	No
Council Member Hasselbrink	Aye
Council Member Kusumoto	No
Mayor Pro Tem Edgar	Aye
Mayor Murphy	Abstain

Mayor Murphy stated he did not feel the Council was ready to make this decision. He stated concern that there was no reason for the September deadline and he did not want to rush into a decision. He stated he was optimistic, but needed more information.

Administrative Services Director Al-Imam clarified the only risk for the September deadline was market timing. He advised if Council was willing to take the risk, it would allow for more time to come up with a comprehensive list.

Council Member Kusumoto stated he did feel rushed and understood the time constraints. He pointed out this presented list only comes to \$908,000 and he was supportive of a list double that size. He stated support for earmarking money for the purple pipe project that would get the City in the position to complete the project.

City Manager Plumlee advised Staff had started discussions with the appropriate parties that would be involved in the process and suggested earmarking \$250,000 for infrastructure.

City Council and Staff briefly discussed the steps and approvals needed to start the project. Staff advised it was still uncertain that there was any reclaimed water available for purchase.

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Mayor Pro Tem Edgar briefly discussed the Rivers and Mountains Conservancy's Proposition 1 Bond money. He stated assuming there was water to purchase, the infrastructure project would be quite large. He questioned if Council Member Grose and Kusumoto would reconsider their "no" votes if a placeholder was added.

Council Member Grose stated he would. He believed it would provide a broader scope to the list and stated support for adding several items to chose from if needed, including acquisition of public property and \$100,000 for the pool.

City Manager Plumlee clarified the City had to own the asset, therefore the pool would not qualify.

Council Member Hasselbrink suggested adding the rubberized playground surfaces and unfunded projects from page 4 if the goal was to overpopulate the list.

City Manager Plumlee clarified the \$200,000 for current year and \$300,000 three years out for the Los Alamitos Blvd. Project was all General Fund money.

Council Member Hasselbrink questioned if these projects could be completed in three years.

Mayor Murphy stated concern for adding \$700,000 and giving up on potential grant funds.

Council Member Grose clarified the City was not obligated to spend the full amount on any particular item. He stated concern if the Old Dutch Haven wall was done, the Highland wall would expect the same.

City Council discussed the difference in price between the two walls.

City Council and Staff discussed the cost for the Los Alamitos Blvd. Project and potential for the project.

Mayor Murphy stated opposition to losing money on the project that could potentially be grant funded.

Council Member Hasselbrink clarified the item was being added to overpopulate the list and when grants become available money would be available.

Mayor Pro Tem Edgar stated a preference for specificity. He believed the design process of the Los Alamitos Blvd. Project should be started now so there was a better chance of grant approval later on.

Mayor Murphy agreed and reiterated he was not in a hurry to forgo grant opportunities to get the project done. He stated he could support the motion with the understanding it was a place holder.

City Council and Staff discussed the possibility of a special meeting to finalize the list.

Administrative Services Director Al-Imam advised a special meeting was not needed as long as the majority of the Council agreed on a tentative list. The list would be included in the draft bond documents which would be approved on August 10th. Council could further discuss the list at the July 21st meeting.

City Council discussed the various projects to be added to the list. Purple pipe funds could only be used on infrastructure. Administrative Services Director Al-Imam advised the project could be outlined in the bond documents and as long as the funds spent were related they would qualify.

Motion/Second: Hasselbrink/Edgar

Unanimously Carried: The City Council approve the following projects to fund with bond proceeds associated with the refinancing of the 2006 Certificates of Participation, in no particular order:

- ADA Curb Ramps and Sidewalks – \$300,000
- Los Alamitos Blvd. Project – \$700,000
- Parks and Playground Replacement and Rubberized Ground Cover Project – \$227,500
- Little Cottonwood Park Septic Tank Project – \$110,000
- Old Dutch Haven Rehabilitation – \$292,000
- Alley Improvements – Between Pine and Regan and Kyle and Bloomfield – \$150,000
- Alley Improvements – Between Katella and Green and Regan and Los Alamitos – \$100,000
- Old Dutch Haven Block Wall – \$30,000
- Cerritos Ave @ High School Intersection – Dual left turns into school – \$5,000
- Cerritos Ave @ High School Intersection – Modify signal and widen school entrance and exits - \$92,000
- Cerritos Ave./Los Alamitos Blvd. Intersection Improvements – \$131,000
- Acquisition of purple pipe – \$250,000

ROLL CALL

Council Member Grose	Aye
Council Member Hasselbrink	Aye
Council Member Kusumoto	Aye
Mayor Pro Tem Edgar	Aye
Mayor Murphy	Aye

4. CLOSED SESSION

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to subdivision (d)(2) of 54956.9.
One case.

City Attorney Reisman read Item 4A aloud and stated the City had received a letter from the Super Media site next door.

RECESS

The City Council recessed into Closed Session at 8:33 p.m.

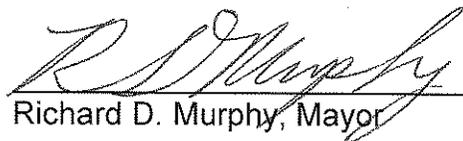
RECONVENE

The City Council reconvened in Special Session at 8:50 p.m.

City Attorney Reisman advised there was no reportable action.

5. ADJOURNMENT

The City Council adjourned to Tuesday, July 21, 2015, for the purpose of holding a Regular meeting, at 8:50 p.m.


Richard D. Murphy, Mayor

Attest:


Windmera Quintanar, CMC, City Clerk