

RESOLUTION NO. 2020-43

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
APPROVING A LEASE FINANCING IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$10,000,000 TO FINANCE A PORTION OF THE
CONSTRUCTION OF THE NEW COMMUNITY CENTER, AND APPROVING
RELATED DOCUMENTS AND ACTIONS**

WHEREAS, the City of Los Altos (the “City”) has determined to acquire and construct a new community center in the City (the “Project”); and

WHEREAS, in order to finance a portion of the cost of the Project, the City has agreed to lease the real property consisting of the Los Altos Main Library located at 13 South San Antonio Road in the City (the “Leased Property”), to the Public Property Financing Corporation of California (the “Corporation”) under a Site Lease (the “Site Lease”) in consideration of the payment by the Corporation of an upfront rental payment (the “Site Lease Payment”) which is sufficient to provide financing for the costs of the Project; and

WHEREAS, the Corporation has agreed to sublease the Leased Property back to the City pursuant to a Lease Agreement (the “Lease Agreement”) in consideration of the payment by the City of lease payments (the “Lease Payments”) for the use and occupancy of the Leased Property; and

WHEREAS, in order to raise the funds needed to pay the Site Lease Payment to the City, the Corporation has agreed to assign certain of its rights under the Site Lease and the Lease Agreement, including the right to receive and enforce payment of the Lease Payments, to Sterling National Bank (the “Assignee”), which will provide financing for the Project in the principal amount of not to exceed \$10,000,000; and

WHEREAS, the City Council finds that it is in the best interest of the City to enter into the Site Lease and the Lease Agreement; and

WHEREAS, in accordance with Government Code Section 5852.1, the City has obtained and wishes to disclose the information set forth in Appendix A hereto; and

WHEREAS, there has been presented to this meeting proposed forms of the Site Lease and Lease Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Los Altos as follows:

Section 1. Recitals. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Financing Agreements. The City Council hereby approves each of the following agreements required for the financing a portion of the costs of the Project, in substantially the respective forms on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager, any acting, interim, deputy or assistant City Manager, or Administrative Services Director, or the written designee of any of them (each, an “Authorized

Officer”), whose execution thereof shall be conclusive evidence of the approval of any such changes or additions. An Authorized Officer is hereby authorized and directed for and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of each such agreement, as follows:

- Site Lease, between the City as lessor and the Corporation as lessee, under which the City leases the Leased Property to the Corporation in consideration of the payment of the Site Lease Payment.
- Lease Agreement, between the Corporation as lessor and the City as lessee, under which the Corporation leases the Leased Property back to the City and the City agrees to pay semiannual Lease Payments which are sufficient to pay debt service in respect of the financing, in a principal amount not to exceed \$10,000,000, and at an annual interest rate not to exceed 2.29%.

Section 3. Assignment of Rights. The City Council hereby approves the assignment by the Corporation of certain of its rights under the Site Lease and the Lease Agreement, including the right to receive and enforce the payment of the Lease Payments, to the Assignee, pursuant to an Assignment Agreement between the Corporation and the Assignee, under which the Assignee agrees to provide the funds equal to the Site Lease Payment.

Section 4. Official Actions. The Authorized Officers are hereby authorized and directed, for and on behalf of the City, to do any and all things and take any and all actions and execute any and all certificates, agreements, and other documents, including without limitation a term sheet with the Assignee, and to take any and all other actions, in furtherance of and consistent with the transactions contemplated by this Resolution. All actions previously taken by an Authorized Official and the other officers and agents of the City with respect to the transactions contemplated by this Resolution are hereby approved, confirmed and ratified.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

I hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof held on the 15th day of December, 2020, by the following vote:

AYES: Council Members Lee Eng, Meadows, Weinberg, Vice Mayor Enander and Mayor Fligor
NOES: None
ABSENT: None
ABSTAIN: None



Neysa Fligor, MAYOR

ATTEST


Andrea M. Chelemengos, MMC, City Clerk

APPENDIX A

Government Code Section 5852.1 Disclosure

The following information consists of estimates that have been provided in good faith by the municipal advisor to the City:

- (A) True interest cost of the Lease Payments: 2.29%
- (B) Finance charge related to the Lease (sum of all costs of issuance and fees/charges paid to third parties): \$95,000
- (C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$9,905,000
- (D) Total payment amount through maturity: \$12,441,793.73