



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL AND REGULAR MEETING AGENDA
AMENDED**

**Tuesday, January 10, 2012 at 5:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers**

5:00 P.M. CLOSED SESSION (Council Conference Room, 1st floor City Hall)

NOTE: Public Comment on Closed Session items will be taken prior to adjourning to Closed Session

CL1. Pursuant to Government Code Section 54957.6 to conference with labor negotiators regarding labor negotiations with the Service Employees International Union (SEIU)
Attendees: Starla Jerome-Robinson, Interim City Manager, Bill McClure, City Attorney, and Glen Kramer, Interim Personnel Director

CL2. Pursuant to Government Code Section 54956.9(c) regarding potential/anticipated litigation;
1 case

CL3. Pursuant to Government Code Section 54956.9 to conference with legal counsel regarding existing litigation; 2 cases:

(1) Town of Atherton, et al. v. California High Speed Rail Authority
Superior Court of California, County of Sacramento, Case No. 34-2008-80000022 (Atherton 1)

(2) Town of Atherton, et al. v. California High Speed Rail Authority
Superior Court of California, County of Sacramento, Case No. 34-2010-80000679 (Atherton 2)

CL4. Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT

Title: City Manager

Adding Item CL4 is the only amendment

NOTE: There is a potential for some of the Closed Session items to be continued to the end of the Regular Session.

7:00 P.M. REGULAR SESSION

ROLL CALL – Cline, Cohen, Fergusson, Keith, Ohtaki

PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSIONS

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation in remembrance of Dr. Hattie L. Bostic ([Attachment](#))

A2. Presentation recognizing Fred Berghout for crime intervention

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

- B1. Bicycle Commission quarterly report on the status of the 2-Year Work Plan
- B2. Housing Commission quarterly report on the status of the 2-Year Work Plan

C. PUBLIC COMMENT #1 (Limited to 30 minutes)

Under "Public Comment #1", the public may address the Council on any subject not listed on the agenda and items listed under the Consent Calendar. Each speaker may address the Council once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Council cannot act on items not listed on the agenda and, therefore, the Council cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

D. CONSENT CALENDAR

- D1. Approve a comment letter on the Draft California High Speed Rail Business Plan ([Staff Report #12-007](#))
- D2. Accept the 2011 Advisory Body Attendance Reports ([Staff Report #12-002](#))
- D3. Accept the Minutes for December 13 and 15, 2011 ([Attachment](#))

E. PUBLIC HEARINGS – None

F. REGULAR BUSINESS

- F1. Waive the second reading and adopt a City Ordinance approving a contract amendment with the California Public Employees' Retirement System, providing for section 20475 (different level of benefits), section 21353 (2% at 60 full formula) and section 20037 (three-year final compensation), applicable to local miscellaneous plan members within a non-pooled plan entering membership for the first time in a miscellaneous classification after the effective date of this amendment to contract ([Staff Report #12-006](#))
- F2. Consider requests from the City of East Palo Alto and the Sierra Club Loma Prieta Chapter to extend the public comment period on the Draft Environmental Impact Report for the Facebook Campus Project located at the intersection of Willow Road and Bayfront Expressway ([Staff Report #12-003](#))
- F3. Adopt a Resolution authorizing the direct placement refinancing of the City's 2002 Series General Obligation Bonds, and approve the related legal bond documents ([Staff Report #12-004](#))
- F4. Adopt a Resolution electing that the City serve as Successor Agency/Successor Housing Agency to dissolving Redevelopment Agency ([Staff Report 12-005](#))
- F5. Appoint City Council representatives and alternates to various regional agencies, City advisory bodies and Council sub-committees ([Staff Report #12-001](#))
- F6. Selection of a date for a City Council Goal Setting ([Staff Report #12-008](#))
- F7. Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS – None

J. COUNCILMEMBER REPORTS

K. PUBLIC COMMENT #2 (*Limited to 30 minutes*)

Under "Public Comment #2", the public if unable to address the Council on non-agenda items during Public Comment #1, may do so at this time. Each person is limited to three minutes. Please clearly state your name and address or jurisdiction in which you live.

L. ADJOURNMENT

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at <http://www.menlopark.org> and can receive e-mail notification of agenda and staff report postings by subscribing to the "Home Delivery" service on the City's homepage. Agendas and staff reports may also be obtained by contacting the City Clerk at (650) 330-6620. Copies of the entire packet are available at the library for viewing and copying. (Posted: 01/05/2012)(Amendment Posted: 01/09/2012)

At every Regular Meeting of the City Council/Community Development Agency Board, in addition to the Public Comment period where the public shall have the right to address the City Council on the Consent Calendar and any matters of public interest not listed on the agenda, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during the Council's consideration of the item.

At every Special Meeting of the City Council/Community Development Agency Board, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during consideration of the item.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the Office of the City Clerk, Menlo Park City Hall, 701 Laurel Street, Menlo Park, CA 94025 during regular business hours. Members of the public may send communications to members of the City Council via the City Council's e-mail address at city.council@menlopark.org. These communications are public records and can be viewed by any one by clicking on the following link: <http://ccin.menlopark.org>

City Council meetings are televised live on Government Access Television Cable TV Channel 26. Meetings are re-broadcast on Channel 26 on Thursdays and Saturdays at 11:00 a.m. A DVD of each meeting is available for check out at the Menlo Park Library. Live and archived video stream of Council meetings can be accessed at http://menlopark.granicus.com/ViewPublisher.php?view_id=2

Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at (650) 330-6620.

Proclamation

In Remembrance of Dr. Hattie L. Bostic

WHEREAS, Dr. Hattie L. Bostic was born in Mobile, Alabama and throughout her upbringing overcame many financial and gender barriers and made sacrifices to support her family; and

WHEREAS, Dr. Bostic was saved as a young teenager at the Adams Street Holy Church of God in Mobile, Alabama and was led by faith to relocate to California as a teenager; and

WHEREAS, Dr. Bostic resorted to night school, correspondence courses and self-taught curricula in order to obtain her Peace Officers Training Certificate and both her Doctor of Divinity and Doctor of Theology degrees; and

WHEREAS, in 1963 from her Belle Haven home in Menlo Park, California, Dr. Bostic and four others founded the Mount Olive Apostolic Original Holy Church of God which serves nearly 200 members today; and

WHEREAS, in 1968 Dr. Bostic began the Crime Prevention Narcotics Drug Education Center, a community based organization dedicated to the eradication of crime and drug abuse that has served as a prototype for hundreds of similar programs across the nation; and

WHEREAS, Dr. Bostic headed a nationwide organization of 25 churches, traveled frequently for speaking engagements and wrote books pertaining to spirituality, leadership and human relations; and

WHEREAS, the breadth of Dr. Bostic's passion, tireless efforts and good works have positively impacted the Belle Haven neighborhood, the Menlo Park community and beyond by championing a better life for all by fighting crime, improving schools and educational opportunities for all, affordable housing and shelter for the homeless; and

WHEREAS, Dr. Bostic pastored for forty-eight years as a hard-working, dedicated and committed servant of God, a crusader spreading the gospel across the nation.

NOW, THEREFORE, BE IT RESOLVED that I, Kirsten Keith, Mayor of Menlo Park, do hereby remember and honor Dr. Hattie L. Bostic for her generous contributions toward uplifting the Belle Haven neighborhood and the Menlo Park community, and that her exemplary works will be remembered for years to come.



A handwritten signature in blue ink that reads "Kirsten Keith". The signature is written in a cursive style and is positioned above a horizontal line.

Kirsten Keith, Mayor
City of Menlo Park

KIRSTEN KEITH
MAYOR

PETER OHTAKI
MAYOR PRO TEM

ANDREW COHEN
COUNCIL MEMBER

RICHARD CLINE
COUNCIL MEMEBR

KELLY FERGUSSON
COUNCIL MEMBER



701 LAUREL STREET, MENLO PARK, CA 94025-3483
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January 11, 2012

Mr. Roelof Van Ark
CEO, California High Speed Rail Authority
770 L Street, Suite 800
Sacramento, CA 95814

Subject: City of Menlo Park Comments on the Draft 2012 Business Plan

Dear Mr. Van Ark:

The City of Menlo Park wishes to comment on the draft Business Plan for High Speed Rail. The City of Menlo Park cannot declare itself in support of the project due to the significant issues that need to be addressed with the EIR documents for the project and the Business Plan. We expect the issues described below to be fully addressed in the Final Business Plan. Without resolution of these issues, the Business Plan is a useless document for Menlo Park or the public to make decisions on the merits of the project.

In addition to the City's previous letters on the Project level EIR and Alternative Analysis reports, the City reiterates here that the following new and unresolved issues need to be addressed when developing a valid Business Plan for High Speed Rail:

1. **Ridership Estimates – Deficiencies with the ridership study completed by the High Speed Rail Authority have been well documented. The report issued November 18, 2010 by Will Kempton, Chairman of the California High-Speed Rail Peer Review Group, stated: "The issues identified by the Institute for Transportation Studies at the University of California at Berkeley, the Legislative Analyst's Office and the State Auditor's office have raised sufficient concerns with the demand model so as to call into question the project's fundamental basis for going forward. The group recommends that the Authority work with UC Berkeley, the Legislative Analyst's Office and the State Auditor to complete an analysis of any issues regarding the demand models so that a mutually agreed estimate can be reached along with ranges of uncertainty."**

Two members of the five person ridership review panel, Frank Koppelman and Billy Charlton were part of previous review team in

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FAX 650.327.1653

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July 2006 on the existing Cambridge model therefore they cannot be considered unbiased since any substantial criticism would reflect poorly on themselves.

We recommend a new demand model be developed by an independent group managed by the LAO or the Independent Peer Review Group before moving forward with the project.

Ridership is the foundation for rail infrastructure planning which drives key decisions and system costs. It is critically important for determining the appropriate route for the system and the overall revenue associated with the system. What is the revenue potential for the system if a more accepted ridership model is used? This question should be examined within the context of reliable ridership projections. Unfortunately, the planning, engineering, and environmental studies that are currently in progress for the San Francisco to San Jose segment continue to be based on the faulty ridership study conclusions.

Menlo Park fully supports the recommendations of the Peer Review Group. However, there is no evidence to date that the High Speed Rail Authority intends to follow their recommendations to update the ridership demand model.

2. Disconnect with Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian Plan – The business plan depicts on Exhibit ES-1-Capital Costs for phased sections, a Phase 1 Blended section and a Full Phase 1 section from San Francisco to Los Angeles/Anaheim. This is in conflict with Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian's Plan. The statement from Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian called for a "blended" section on the current Caltrain right of way, without expansion to a 4-track system in the future. **This full phased system must be removed from the Business Plan.** The "blended" approach meets the goals of the High Speed Rail system, while minimizing the impacts to Menlo Park's downtown area and to the overall character of the downtown.
3. Funding – The project intends to use State General Obligation bonds to fund the project. This funding method would create a long-term financial obligation that could impact existing State programs. This same concern has been stated by the State's Legislative Analyst Office. The current information related to cost/benefit and fiscal impact analysis needs to be revised to provide a very accurate picture of the project. The current Business Plan for the project outlines several funding sources including federal grants and private investment. The federal funds have not been secured and a funding

source for the private investment has not been identified. The Authority has planned to partially fund segments of the HST system, while not funding the entire system. This funding arrangement does not fit within the requirement of Proposition 1A. A full funding plan with identified dedicated funding needs to be included in the business plan.

4. Private funding until after the first segment – The initial construction section has secured \$5.2 Billion in federal and state funding for construction of this segment. However, the remaining portion of the initial operating segment north (\$19.4-26.4 Billion) or south (\$21.4-25.8 Billion) of this construction section would still require state and federal funding, both of which do not have secured funding sources. The business plan assumes capital investment after the first initial operating system is in place and generating revenue. Given that the federal government has eliminated future funding in high speed rail, and the state government has not secured future funding for the system either, the likelihood that the remaining segment north or south of the initial constructed section is small without private funding.
5. Caltrain's blended system recommendations are missing in the business plan and must be included. The business plan does not include any of the recommendations from the capacity analysis study that Caltrain's staff conducted for operating the high speed rail's trains and Caltrain's trains on the same tracks and they must be included.

Finally, the City of Menlo Park reiterates the concerns raised above and the fact that further information is necessary in order to make an informed decision on the High Speed Rail project. These concerns are critical in providing a document that is useful in evaluating the project. We wish to bring to your attention specific concerns of the City of Menlo Park that are not adequately addressed in the plan. Without addressing these concerns, the Business Plan is flawed.

Other jurisdictions have expressed concern over the Business Plan including many of the municipalities along the Peninsula, the LAO and the Peer Review Group. The City also is extremely skeptical of the Business Plan based on the five points described above. Without the changes to the Plan, a full understanding of the project cannot be determined.

The City will continue participating in the business plan and future EIR/EIS process to review any impacts and proposed mitigation measures within Menlo Park. The City expects these issues to be resolved and further information provided to allow the City of Menlo Park to make an informed opinion of the project.

Sincerely,

A handwritten signature in blue ink that reads "Kirsten Keith". The signature is written in a cursive style with a large initial "K".

Kirsten Keith, Mayor, on behalf of the Menlo Park City Council

Cc: Members of the City Council
City Manager
City Attorney
California High Speed Rail Authority Board
Congresswoman Jackie Speier
Congresswoman Anna Eshoo
Congressman John Mica
State Senator Joe Simitian
State Senator Leland Yee
Assemblymember Jerry Hill
Assemblymember Rich Gordon
CHSRA Board Member Jim Hartnett



PUBLIC WORKS DEPARTMENT

Council Meeting Date: January 10, 2012

Staff Report #: 12-007

Agenda Item #: D1

CONSENT: Approve a Comment Letter on the Draft California High Speed Rail Business Plan

RECOMMENDATION

Staff recommends that the City Council approve a comment letter on the Draft California High Speed Rail Business Plan.

BACKGROUND

Established in 1996, the California High Speed Rail Authority (CHSRA) is charged with planning, designing, constructing, and operating a state-of-the-art high speed train system. The High Speed Rail system as a whole would serve San Diego to Sacramento, including other major cities in-between. A branch of the system would separate and run from the Central Valley to the San Francisco Bay Area. The system is planned to access San Jose as well as San Francisco along the Peninsula within Caltrain right-of-way, with other local stops.

In Menlo Park, the High Speed Rail Project is anticipated to expand the Caltrain mainline to four sets of tracks. Trains would run in this segment at speeds of about 125 miles per hour. The project would electrify the line (if Caltrain has not done that already) and grade-separate all crossings. The trains would be express through Menlo Park, with the nearest station stop being in Mountain View, Palo Alto or Redwood City. Only one of these three cities would ultimately be selected or potentially none. Mountain View and Palo Alto have already taken a position that they do not want a high speed rail station.

A project level Environmental Impact Report (EIR) is currently on hold along the Peninsula and would provide a more detailed analyses for the segments and station locations of the proposed high speed rail system. The CHSRA recently announced that the project EIR would be delayed to a date uncertain to focus efforts on completing the environmental documents for rail segments in the Central Valley that were selected for funding by the Federal government.

As part of the project level EIR process the California High Speed Rail Authority prepared a Preliminary Alternatives Analysis (AA). The Preliminary AA report provided conceptual information related to track alignments. The CHSRA has revised the Preliminary AA report and issued a Supplemental AA report. The Supplemental AA report essentially narrowed the number of alternatives under consideration in the pending project EIR for the Peninsula. In Menlo Park, the remaining alternatives consist of either an elevated system or a trench with some variations where the tracks cross San Francisquito Creek.

Menlo Park formally commented on the Supplemental AA in September 2010 and urged the CHSRA to consider additional alternatives such as tunnels or fewer sets of tracks. The CHSRA has indicated that it will evaluate a phased implementation utilizing the existing Caltrain right-of-way.

ANALYSIS

Several developments in the high speed rail project have occurred in recent months that suggest the State should re-evaluate its planning efforts to date for the Peninsula segment. In November 2010, an independent high speed rail peer review group, created under State law and reporting to the State Legislature, issued its first report. This report raised a number of concerns that confirm several important issues raised by Menlo Park in the past and are consistent with some of the City's comments in the comment letter on the draft CHSRA 2012 business plan. For example, the deficiencies in the ridership model, impacts to existing State programs using State General Obligation funds to fund the project, and assuming private investment capital after the first initial operating segment system is in place and generating revenue.

Deficiencies in the ridership model used by the CHSRA have been well documented by the Institute for Transportation Studies at UC Berkeley. The peer review group recommended that the Authority work with UC Berkeley, the Legislative Analyst's Office and the State Auditor to resolve uncertainties with the current ridership model. Reasonably accurate ridership forecasts are extremely important for infrastructure planning since they heavily influence key decisions such as the number of tracks needed to carry a given number of passengers. The City of Menlo Park staff has asked repeatedly for the CHSRA to evaluate alternatives to the current assumption of four sets of track on the Peninsula. Reliable ridership projections are essential to evaluate whether fewer tracks could meet the need.

Furthermore, the draft business plan is not consistent with the statement from Congresswoman Eshoo/State Assemblyman Gordon/State Senator Simitian. The statement from Congresswoman Eshoo/State Assemblyman Gordon/State Senator Simitian called for a "blended" section on the current Caltrain right of way, without expansion to a 4-track system in the future. The business plan depicts construction costs for a Phase 1 Blended section and a Full Phase 1 section from San Francisco to Los Angeles/Anaheim. This full phased system should not be included in the Business Plan since it is in conflict with the legislator's statement. The blended approach meets the goals of the high speed rail system, while minimizing the impacts to Menlo Park's downtown area and to the overall character of the downtown.

Another critical issue identified in the peer review report is the lack of an adequate financial plan to implement the high speed rail program. Over reliance on Federal grants and assumptions about private investment capital are unrealistic in the current economic climate. Using State General Obligated bonds to fund the project would create a long-term financial obligation that could impact existing State programs, such as social services or education programs. As Governor Brown and the State Legislator work to try and balance the State's budget, the high speed rail project should be evaluated against other State funding priorities.

Also, private investment capital is assumed after the first initial operating segment system is in place and generating revenue. Given that the federal government has eliminated future funding in high speed rail, and the state government has not secured future funding for the system either, the likelihood that the remaining segment north or south of the initial constructed section is small without private funding.

Finally, the business plan does not include any of the recommendations from the capacity analysis study conducted by Caltrain's staff for operating the high speed rail's trains and Caltrain's trains on the same tracks.

Current delays to the San Francisco to San Jose project EIR make this an opportune time for the State to re-evaluate alternatives. Prior to selection of the Central Valley as the first phase of the high speed rail project, deadlines imposed with Federal grant programs made the Authority reluctant to re-open prior studies. Pressure to reduce project costs could also help to convince the State to reconsider lower cost alternatives such as a two or three-track system on the Peninsula.

Attachment A is a draft letter to the California High Speed Rail Authority that focuses on the need for an updated ridership model and more thorough financial planning. These requests are supported with recommendations from the State's High Speed Rail Peer Review Group. Staff recommends that Council review the draft letter, give direction for any modifications, and authorize the Mayor to finalize and send the letter. The CHSRA meeting is January 12th and the letter needs to be received by the Authority before that meeting.

Attachment B is an Executive Summary of the California High Speed Rail Program Draft 2012 Business Plan, dated November 1, 2011. Attachment C is a letter from the City of Burlingame, dated November 23, 2011 on their comments on the Draft 2012 Business Plan.

The business plan calls for a "building block" implementation approach to connect the State's Northern California and Southern California population centers with high speed trains. The project will be built incrementally as additional funding becomes available. The total cost for constructing the entire system has increased to \$98.1 Billion. According to the plan, "The cost estimates are based on a set of realistic assumptions to provide an honest and credible assessment of resources required to develop the HSR system." These include:

- Nine-year construction-schedule cushion to account for potential delays and funding availability
- Annual inflation of three percent
- \$16 billion in contingencies for material cost increases, use of different components or parts and minor quantities changes

Furthermore, the Business Plan states that funding has been identified for building the Initial Construction Segment. New funding will be identified before additional construction begins, ensuring that the program will go forward in a fiscally responsible manner. The plan assumes no additional funding before 2014.

The Business Plan states that ridership estimates and models used to develop them were reviewed and approved by an international expert peer-review group. Projected annual ridership in 2040 are:

Segment	Ridership
IOS South	9.5 million to 14.0 million
IOS North	7.6 million to 11.2 million
Bay to Basin	16.1 million to 23.7 million
Phase 1	29.6 million to 43.9 million

Three ridership scenarios were modeled: Low, Medium, and High. Analysis of the three scenarios shows that there are net operating profits (revenues minus operating costs) from the first year of operation under each phasing scenario.


IMPACT ON CITY RESOURCES

The High Speed Rail Project involves no direct commitments of City resources. The project has, however, three major implications for City resources:


- 1) The City could get grade separations of all four of its roadway crossings without any City financial contribution of local funds or its discretionary share of County transportation sales tax (Measure A) funds.
- 2) As currently planned, construction would be partially funded by bonds paid off by direct draw-downs on the State general fund. Since cities, counties, schools, and many special districts, as well as many aspects of State government, compete for State funding when resources are limited, this funding mechanism could place the high speed rail project in competition for a share of the funding that Menlo Park receives.
- 3) Although design and construction of the added tracks and grade separations through Menlo Park would be the high speed rail project's costs, Menlo Park would incur staff costs in coordinating the planning, design, and construction activities of the project.

POLICY ISSUES

Comments contained in the draft letter are consistent with prior actions taken by the City on the California High Speed Rail Project.



Atul Patel
Senior Transportation Engineer



Charles Taylor, P.E.
Public Works Director

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

- ATTACHMENTS:**
- A. Draft letter to the California High Speed Rail Authority
 - B. Executive Summary of the California High Speed Rail Program Draft 2012 Business Plan
 - C. City of Burlingame's Comments on Draft 2012 Business Plan for California High Speed Rail

KIRSTEN KEITH
MAYOR

PETER OHTAKI
MAYOR PRO TEM

ANDREW COHEN
COUNCIL MEMBER

RICHARD CLINE
COUNCIL MEMEBR

KELLY FERGUSSON
COUNCIL MEMBER



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January 10, 2012

Mr. Roelof Van Ark
CEO, California High Speed Rail Authority
925 L Street, Suite 1425
Sacramento, CA 95814

Subject: City of Menlo Park Comments on the Draft 2012 Business Plan

Dear Mr. Van Ark:

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Menlo Park fully supports the recommendations of the Peer Review Group. However, there is no evidence to date that the High Speed Rail Authority intends to follow their recommendations to update the ridership demand model.

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3. Funding – The project intends to use State General Obligation bonds to fund the project. This funding method would create a long-term financial obligation that could impact existing State programs. This same concern has been stated by the State's Legislative Analyst Office. The current information related to cost/benefit and fiscal impact analysis needs to be revised to provide a very accurate picture of the project. The current Business Plan for the project outlines several funding sources including federal grants and private investment. The federal funds have not been secured and a funding source for the private investment has not been identified. The Authority has planned to partially fund segments of the HST system, while not funding the entire system. This funding arrangement does not fit within the requirement of Proposition 1A. A full funding plan with identified dedicated funding needs to be included in the business plan.
4. Private funding until after the first segment – The initial construction section has secured \$5.2 Billion in federal and state funding for construction of this segment. However, the remaining portion of the initial operating segment north (\$19.4-26.4 Billion) or south (\$21.4-25.8 Billion) of this construction section would still require state and federal funding, both of which do not have secured funding sources. The business plan assumes capital investment after the first initial operating system is in place and generating revenue. Given that the federal government has eliminated future funding in high speed rail, and the state government has not secured future funding for the system either, the likelihood that the remaining segment north or south of the initial constructed section is small without private funding.
5. Caltrain's blended system recommendations is missing in the business plan – The business plan does not include any of the recommendations from the capacity analysis study that Caltrain's staff conducted for operating the high speed rail's trains and Caltrain's trains on the same tracks.

Finally, the City of Menlo Park would reiterate the concerns raised above and the fact that further information is necessary in order to make an informed decision on the High Speed Rail project. While we understand that the nature of a business plan on a statewide project is inherently general, we wish to bring to your attention specific concerns of the City of Menlo Park that are not adequately addressed in the plan.

Other jurisdictions have expressed concern over the Business Plan including the LAO. The City also is skeptical of the Business Plan based on the five points described above. Without the changes to the Plan, a full understanding of the project cannot be determined.

The City will continue participating in the business plan and future EIR/EIS process to review any impacts and proposed mitigation measures within Menlo Park. The City expects these issues to be resolved and further information provided to allow the City of Menlo Park to make an informed opinion of the project.

Sincerely,

Kirsten Keith
Mayor

Cc: Members of the City Council
City Manager
City Attorney

Executive Summary

In 2008, Californians voted to develop a statewide high-speed rail (HSR) program. The 2012 Business Plan marks the transition from the vision of a world-class high-speed rail system to the realities of building and operating that system. Reflecting that change, this Business Plan differs significantly from previous versions. Advances in engineering and design have provided far better information about the detailed scope and costs of the program. The environmental documentation, review, and clearance process has progressed. Ridership assumptions and modeling were thoroughly re-evaluated and tested with an independent panel of experts to support revenue projections. Risks have been identified and mitigation plans put into place. Cost-effective and timely methods to achieve the goals of the High-Speed Rail Bond Measure, Proposition 1A, have been developed in cooperation with regional and local transportation partners. Business models for delivering the program and the role of the private sector have been defined based on international experience and extensive discussions with rail operators. The role of the private sector has been clarified, also based on the best experience of HSR operations and outreach to potential investors. Realistic and conservative costs, contingencies, schedules, and funding options have been prepared and used to develop a plan for moving forward.

The case for investing in high-speed rail in California is tied to two key factors:

- Recognition that continued growth will require major investments, measured in the tens of billions of dollars, in expanded transportation systems over the coming decades; and,
- High-speed rail can meet those demands more effectively and at lower costs than the alternatives, and can be delivered through a fiscally responsible phased implementation plan that ties the system together with regional and local rail networks and generates net positive cash flow from its operations.

The need is clear. Today, our transportation systems are straining to meet current demand. Congestion on our roads results in \$18.7 billion annually in lost time and wasted fuel. Air flights between the Los Angeles and San Francisco metropolitan areas—the busiest short-haul market in the U.S.—are the most delayed in the country, with approximately one of every four flights late by close to an hour or more.

Continued population and economic growth will place even more demand on mobility systems that are already overburdened. Over the next 30 to 40 years, California is projected to add the equivalent of the current population of the state of New York. There is no question: meeting the demands of that growth will require *major* investments in transportation infrastructure over the next generation. Those investments will measure in the tens of billions of dollars. The question will not be *if* those investments need to be made, but *how* the investments that will be made can provide the greatest benefit.

As has been proven around the world, high-speed rail, integrated into a balanced transportation system, can meet a large part of the increased demand in a sustainable, cost-effective manner. Providing equivalent new capacity through investment in highways and aviation would cost California almost twice as much as the Phase 1 high-speed rail system and would require approximately:



With 20 million more people expected to be in California within the next 40 years, we can't build enough highways and airport runways to accommodate the demand.

Joseph C. Szabo, Federal Railroad Administrator

- 2,300 miles of new highways
- 115 new airport gates
- 4 new airport runways

The costs of these expansions would exceed \$170 billion over the next 20 years. Such highway expansions would be contrary to important state policies such as AB 32, the Global Warming Solutions Act of 2006, and SB 375, the Sustainable Communities and Climate Protection Act of 2008. Those new highways would also impose millions of dollars in annual maintenance costs that are not factored into the cost comparison, while operations and maintenance costs for high-speed rail are covered by revenues. As has been the case in San Francisco and Los Angeles, the addition of new runways not only would be costly, but may not be possible in light of community and environmental concerns.

As detailed in this Plan, a statewide HSR system can be delivered to the citizens of California, producing economic benefits, enhancing and supporting environmental and energy goals, creating near and long-term employment, enhancing mobility, and saving money. This Business Plan lays out the framework for doing so in a way that recognizes the budgetary and economic realities facing the state and country today.

Building the entire system will take longer and cost more than previously estimated; however, as detailed in this Business Plan, the previous notion of what the system will look like and how it will be built has also been updated. Answers to the questions regarding how much longer it will take and how much more it will cost will depend in part on the pace and type of funding that is provided. It also will depend on

decisions on system routing and design to be made by a wide range of stakeholders, including communities, elected officials, the federal government, and partner transportation agencies.

Economic analysis shows that the benefits of the system far outweigh the costs of building, operating, and maintaining it, even with higher costs factored into the equation. Californians will begin to see these benefits next year, when initial construction will provide a much-needed boost to the Central Valley, the fastest growing part of the state and the region hardest hit by unemployment. Almost 100,000 jobs will be generated by the first construction work.

It also has become clear that the key to success is to focus on putting into place the first operational segment of a high-speed rail system and using that as a building block for the full system. That initial

Operating Section can be in place within 10 years, generating positive cash flows, carrying millions of riders, and serving as a launch pad for private participation.

There are two keys to cost-effective and timely implementation of a statewide high-speed rail system:

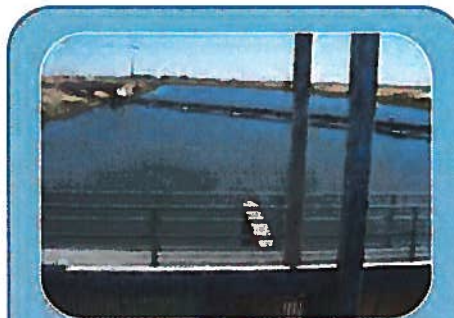
- Dividing the program into a series of smaller, discrete projects that build upon each other but also can stand alone to provide viable high-speed rail service
- Making advance investments in regional and local rail systems to leverage existing infrastructure and benefit travelers by providing interconnecting “blended” services

By implementing the program in phases, work can be matched to available funding. Each segment can be delivered through business models that transfer design, construction, cost, and schedule risks to the private sector and maximize efficiency by capturing the advantages of private-sector innovation. Importantly, the phased approach means that decisions made today won’t tie the state’s hands tomorrow. With the state’s success in securing almost \$4 billion in federal funding, the first step can be taken now. It will create jobs, obtain right-of-way, position the system for future expansion, and preserve options for future decision makers.

The decision to move ahead with the initial step does not commit the state to proceeding with the full program. By providing decision-makers with the flexibility to change course or timing, the plan preserves flexibility and can adapt to changing economic and budgetary realities or new opportunities. This approach is consistent with how other major infrastructure programs are implemented. The Interstate Highway System was designated in whole at the outset but constructed in phases over more than 50 years based on availability of funds, economic conditions, and other factors. The same has been true with the California freeway system and the state water project. In other countries, HSR systems have been delivered this same way,

with plans outlined for full development but implementation taking place in segments, sometimes with years between the completion of one segment and the initiation of the next. This Business Plan has been developed by applying successful implementation strategies that have evolved over the last half-century or more of experience throughout the world.

Through the implementation of this Business Plan, California has an unprecedented opportunity to develop a modern, efficient statewide rail system. High-speed trains will connect the major metropolitan areas through the Central Valley, tying together with regional and local rail systems to



Phasing the California State Water Project: “50 Years and Counting”

The California State Water Project is the largest state-built and operated multipurpose water and power system in the United States. It encompasses 701 miles of canals and pipelines that provide drinking water for 25 million people and irrigation for 750,000 acres of farmland. It began in 1960 and its expansion continues today, with the newest reservoir beginning construction in 2006.

Funding began with the approval of \$1.75 billion in bonds. Since that time, the 29 contracting agencies that deliver the water locally have made cumulative payments totaling more than \$9 billion.

move people effectively throughout urban areas. Agreement on a strategy among state, regional, and local agencies will free up funds authorized in Proposition 1A for regional and local rail improvements, and lead to an effective integrated statewide system for the benefit of travelers throughout California.

Starting up a new high-speed service is challenging, as was the case in Japan in 1964; however, it is very rewarding for the country in the longer term Step-by-step extension of high-speed rail construction is common in Japan, too. For example our Tohoku-Shinkansen line, which runs through the northern part of Japan, has been constructed step-by-step. The initial section up to Morioka was completed in 1982, and the line was extended to Hachinohe in 2002 and to Aomori in 2011.

Masaki Ogata, Vice Chairman, East Japan Railway Company

SFO is a strong supporter of High-Speed Rail. Connecting SFO to HSR will provide outstanding service to our passengers, providing quick and convenient connections to the rest of California. HSR will put SFO on [a] par with other world airports already benefiting from HSR, including Hong Kong, Shanghai, Tokyo, Frankfurt, and Zurich.

John L. Martin, San Francisco Airport Director

How will California benefit from high-speed rail?

High-speed rail will bring significant benefits to California, both in the near term and in the long run, and for individuals and the state as a whole. Benefits will be statewide and will encompass both economic and environmental concerns, including the reduction of three million tons of carbon dioxide emissions annually.

Early benefits will come to the Central Valley, which has the highest unemployment rate in the state, as well as to the construction industry, which is the hardest-hit sector of our economy. As noted earlier, moving forward with initial construction of the system, starting in the Central Valley will generate approximately 100,000 jobs for people who need them most. Connecting the Los Angeles and San Francisco metropolitan areas will generate approximately 800,000 to 900,000 jobs and eventually will result in well over one million jobs. High-speed rail is a major job generator, both in the short and long terms.

California's drivers will see significant relief in traffic congestion, with a reduction of 320 billion vehicle miles traveled over the next 40 years. That will translate into 146 million hours saved for Californians each year—time spent doing better things than sitting in traffic. Similarly, airport congestion will be reduced. Ample precedent for this exists around the world. When high-speed rail service was introduced between Madrid and Seville, Spain, the share of trips taken by plane was reduced from 40 percent to 13 percent, and rail trips grew from 16 percent to 51 percent. This reduction in air travel means that limited airport capacity can be used more efficiently for longer-haul routes where aviation is more cost-effective and energy efficient.

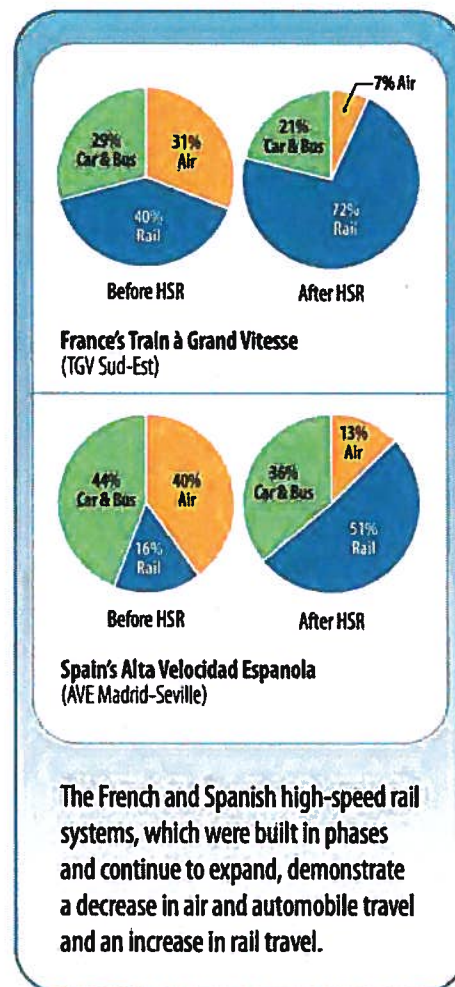
This type of shift from automobiles and airplanes to high-speed trains has been the consistent experience internationally, from Taiwan to Germany, France, and Spain. Moreover, HSR has also generated an overall growth in travel, not just a reallocation between modes. The increased mobility from HSR prompts greater travel, generating more economic activity. On the high-speed route between Paris and Lyon, France, for example, half of the trips taken were new trips. The efficiency, reliability, and connectivity between economic centers provided by HSR contribute to long-term economic benefits. With implementation of the HSR system in California, as many as 400,000 long-term jobs could be created as the state's economy becomes more efficient.

How phased implementation will work

Prior to this Business Plan, there was no clear delineation of how a statewide high-speed rail system would be delivered. Moreover, in the past, high-speed rail has been viewed as a stand-alone system with connections to local services. The sheer scale of the program—500 miles of rail lines in Phase 1 traversing the diverse geography of the state—makes the development of a clear plan critical. In the absence of such a strategy, the current budgetary and economic climate has prompted questions about the viability of moving forward.

The priority is to construct the first Initial Operating Section, or IOS. At that stage, a private operator will be brought on board to operate service, and the potential for attracting private capital investment is greatly enhanced. At the IOS stage, connections can be made with regional and local rail systems, allowing blended operations in metropolitan areas. By linking with existing commuter and intercity rail systems on both ends, travelers can conveniently reach final destinations throughout metropolitan San Francisco and Los Angeles as well as points in between. Two options for the IOS have been developed: one connecting the Central Valley to San Jose and the other extending service to the San Fernando Valley. Combined, they result in the Bay to Basin system, providing direct linkage on high-speed rail between the north and south.

Construction of the Initial Operating Section begins with the Initial Construction Section, or ICS—a 130-mile system “spine” through the Central Valley. If conditions warrant prior to implementation of the IOS, the ICS can be used by Amtrak's San Joaquin service, cutting travel time by 45 minutes for the one million passengers currently using that line. The ICS will also become the first high-speed rail test track in the nation. The federal government has already provided funding for the ICS, and state funding can be used to match it, allowing construction to begin in 2012, with completion in 2017.





Under our cooperation agreement which has been in place since 2003, we have been pleased to be able to provide the California High-Speed Rail Authority with information regarding development of the Spanish HSR system, and to discuss . . . various issues related to development of the system in California. There are numerous parallels between Spain and California with regard to HSR, including the distance between key cities and the potential for significant mode shift from air to train travel for those cities. We believe that the phased approach to building the system makes sense; in fact, it is very consistent with how the system has been developed here in Spain.

*Ministry of Public Works/
Spanish Government*

As discussed in this Business Plan, a portion of the necessary funding to reach the first IOS is identified, and potential funding and financing tools are described for the remainder. Several existing and proposed federal programs are identified that can support large portions of the project’s funding requirements. Importantly, the state has authorized \$9 billion in Proposition 1A bonds, and projections illustrate that an additional \$11 billion should be available in private capital when the IOS is completed. As additional funding becomes available, operating sections will be added, to create the full statewide system. This incremental approach is how most large transportation projects are built, both in the U.S. and around the world. It will accelerate benefits for California and will attract private investment far earlier than if the system were moved ahead as a whole.



The Bay to Basin system will connect the San Francisco Bay and Los Angeles metropolitan areas, along with the state’s fastest growing region—the Central Valley—with world-class high-speed rail service.

Exhibit ES-1. Capital costs for phased sections (billions 2010\$)

Section ¹	Length (approx)	Endpoints	Service Description	Incremental Cost (billions 2010\$) ²	Cumulative Cost (billions 2010\$) ²
Initial Construction Section	130 miles	Fresno–Bakersfield	Provides track and structures to support system spine	5.2	5.2
IOS-North	290 miles	Bakersfield to Merced and San Jose	Supports 220 mph HSR service; includes trains and systems. Ridership and revenues sufficient to attract private participation. Connects with regional/local rail for blended operations	19.4 to 26.4	24.6 to 31.7
IOS-South	300 miles	Merced to the San Fernando Valley	Supports 220 mph HSR service; includes trains and systems. Ridership and revenues sufficient to attract private participation. Connects with regional/local rail for blended operations.	21.4 to 25.8	26.6 to 31.0
Bay to Basin	410 miles	San Jose and Merced to the San Fernando Valley	First HSR service to connect the San Francisco Bay area with the Los Angeles Basin.	14.2 to 17.3	40.8 to 48.3
Phase 1 Blended	520 miles	San Francisco to Los Angeles/ Anaheim	Builds on Bay to Basin with blended operations with existing commuter/intercity rail, and additional improvements for a one-seat ride, connecting downtown San Francisco and Los Angeles/ Anaheim. Caltrain corridor electrified for HSR, and new dedicated lines into Los Angeles and Anaheim	14.1 to 18.0	54.9 to 66.3
Full Phase 1	520 miles	San Francisco to Los Angeles/ Anaheim	Continues dedicated high-speed alignment in full from San Jose to San Francisco and into Los Angeles/Anaheim.	8.2 to 10.5	65.4 to 74.5

¹ Decision on which IOS to advance will be made at a future date, as described in Chapter 2, A Phased Implementation Strategy.

² Ranges reflect the difference between the combination of lowest cost feasible options and the combination of highest cost feasible options.

How funding and financing can deliver the system

Funding for the system will require a mix of federal, state, and private sources and use of innovative program delivery models that allow the private sector to design, build, operate, and help finance the system. Specific funding approaches are detailed in this plan; potential program delivery models are explained as well. Delivery approaches rely on the private sector to perform the final design and to provide operations, ultimately resulting in a franchise to operate the full system. **Private-sector involvement is feasible because each of the operating sections generates a net operating profit.**

Chapter 5, Business Models, includes a discussion of proven delivery and financing methods applicable to the high-speed rail program. Based on projected cash flows from operations, nearly \$11 billion in potential private-sector capital is anticipated once an IOS is in operation. These funds can provide a significant contribution toward completion of the Bay to Basin system.

Phased implementation provides two additional benefits with respect to project funding and finance: the funding required to advance any individual section is significantly less than if the system were to be constructed all at once; and risk is reduced for each subsequent section due to the successful performance of HSR operations on prior sections. In this way, success feeds on success and enhances the ability to attract private capital and operating expertise.

The Business Plan includes an *illustrative scenario* for use in projecting performance of the system. This illustrative scenario does not represent or suggest decisions by the California High-Speed Rail Authority's Board or staff. In order to generate key performance data, this illustrative scenario includes several basic assumptions regarding the Bay-to Basin and Phase 1 operating sections: the system will be completed by 2033; the average ticket fare between San Francisco and Los Angeles will be \$81 (83% of anticipated airline ticket prices) in 2010 dollars, with up to nine trains per hour during the peak period; express trains will take under three hours between San Francisco and Los Angeles; multi-stop trains will take longer.

For this Business Plan, an illustrative schedule was adopted, extending the date for completion of Phase 1 from 2020 to 2033 to mitigate funding and other risks. Based on this schedule, costs have been inflated to assess the total costs in the year of expenditure. The following assumptions were included in the estimates through Phase 1:

- \$16 billion in contingencies
- \$27.5 billion in inflation costs, tied to time
- 2010 costs are inflated at 3 percent per year until final expenditure

Capital costs for each section are shown in Exhibit ES-2 in 2010 dollars and inflated year-of-expenditure dollars.

Exhibit ES-2. Illustrative case showing impact of 2033 schedule on year-of-expenditure cost

Section	Incremental Capital Cost (Billions 2010\$)	Cumulative Capital Cost (Billions 2010\$)	Completion of Section	Incremental Year of Expenditure Capital Cost	Cumulative Year of Expenditure Capital Cost
ICS	5.2	5.2	2017	6.0	6.0
IOS-South	21.4	26.6	2021	27.2	33.2
Bay to Basin	14.2	40.8	2026	21.1	54.3
Phase 1 Blended	14.1	54.9	2030	23.9	78.2
Phase 1 Full HSR	10.5	65.4	2033	19.9	98.1

Three ridership scenarios were modeled: Low, Medium, and High. As described in Chapter 6, Ridership and Revenue, conservative assumptions for key factors, such as population and the cost of driving, were assumed throughout the modeling. Operating and maintenance costs are highly correlated to the number of riders and use of the system; that is, the more riders, the more trains needed and the higher the cost of operating and maintaining them.

Analysis of the three scenarios shows that there are net operating profits (revenues minus operating costs) from the first year of operation under each phasing scenario (Exhibit ES-3). This is a consistent finding across operating segments, phases, and development scenarios once an IOS is achieved. The IOS-South has stronger projected ridership and net operating profits when compared to the IOS-North.

Exhibit ES-3. Operating results for IOS-South, year 2025

Ridership Scenario	Ridership (millions)	Revenue (millions)	Operating and Maintenance Cost (millions)	Net Operating Profit (millions)	Operating Subsidy?
High	10.8	\$1,195	\$613	\$582	No
Medium	9.1	\$1,002	\$539	\$464	No
Low	7.4	\$810	\$458	\$352	No

Projections demonstrate that high-speed rail in California will be viable, even at the very conservative Low scenarios. Each operating section is projected to generate an operating profit and not require a subsidy. This is not only important in terms of achieving the Proposition 1A criteria, but it supports investment of private capital for construction.

The role of the private sector

Development of the high-speed rail system will involve significant private-sector engagement, starting with the Initial Construction Section in 2012. The private sector will be brought on board through design-build contracts to finalize the design of the ICS and then construct it. This will result in the

transfer of key risks from the public to the private sector where they can be better managed—an important part of the program's cost containment strategy.

As explained in Chapter 8, Funding and Finance, the Business Plan does not assume capital investment in the system until the first Initial Operating Section is in place and generating revenues. This is the point in the program at which risks have been reduced sufficiently to allow access to more private capital at lower costs. One mechanism for seeking early investment is by allowing and seeking unsolicited proposals for private-sector participation from interested parties. Under this process, the Authority invites investors, concessionaires, constructors, and other parties to submit proposals for advancing the program in ways not currently planned. These proposals might include alternative financing and delivery mechanisms, innovative financing arrangements, and alternative implementation strategies. If unsolicited proposals are received, they need to be analyzed to determine if they are in the state's best interests, and a determination would be made if they should be actively considered, which would involve allowing competitive proposals to be submitted.

Alternative financing and delivery processes, including early investment by the private sector in programs, continue to be developed and adapted. Although more prevalent outside the United States, innovative public-private partnerships are being introduced and used more frequently here. Adoption of a policy to encourage unsolicited proposals for private-sector involvement in the high-speed rail program will be an important tool to accelerate the development of the IOS and projects related to blended system improvements.

A portion from a letter printed in the Sacramento Bee from the Mayors of San Francisco, Sacramento, San Jose, Fresno and Los Angeles:

"California will need high-speed rail in the coming years to do something about the gridlock on our roads and at our airports. Building it is a major investment, but the most recent estimates say it would cost twice as much over the next generation to build new highways and runways just to move the same number of people. With California expected to grow by 12 million people in the next 25 years, investment in the State's transportation system is inevitable, and high-speed rail is a cost-effective alternative."

How the program will be managed

As the program transitions to the implementation stage, two of the most important keys to success will be the integration of high-speed rail with other transportation systems and agencies and the transparency of information and decision-making. This Business Plan takes important steps to lay the foundation for both.

As is the case throughout the world where high-speed rail has become a key part of economic growth and sustainable development strategies, California's system must complement and leverage local and regional systems with which it connects. At each operational step prior to Phase 1, the system will connect with local and regional rail and bus systems, providing travelers with new and better options. Blended operations on the San Francisco Peninsula and in the Los Angeles Basin, starting at the IOS stage, will provide seamless integration of high-speed and commuter rail services. In turn, that will be made possible by coordinated planning and funding strategies.

The ability to effectively plan and manage the integration of high-speed rail and regional and local systems will require an open and transparent exchange of information with stakeholders and decision-makers. An example of this is the establishment of the Southern California Passenger Rail Planning Coalition. Consisting of the major public and private rail transportation providers in the region, the coalition is assessing joint planning and operations opportunities and coordination of investment in corridors. Similar discussions involving multiple agencies in the San Francisco Bay area are producing promising results, as is the case with agencies in the Central Valley. As the program moves into implementation, the importance of engaging all stakeholders, including the Legislature and the public, in decision-making is critical. The Authority is committed to engaging more effectively with stakeholders and making important steps forward to improve information sharing.

Contents of the Business Plan

The 2012 Business Plan addresses the requirements in Section 185033 of the Public Utilities Code. The Business Plan also includes summaries of key changes in implementation strategy, ridership, and costs from the 2009 Business Plan. Case studies of foreign high-speed rail systems that have informed the development of the Business Plan and a series of technical supporting documents will be posted on the Authority's website at: www.cahighspeedrail.ca.gov/business_plan_reports.aspx.

In accordance with the requirements for the funding plan, the Business Plan includes the analysis of scenarios that assume hypothetical annual funding levels and schedules. These scenarios are illustrative only and do not represent or suggest decisions made by the Authority's Board or staff, or by other stakeholders.

Central Tenets of the 2012 Business Plan

Analysis

- A thorough re-evaluation and review of ridership models, with international peer review of the model and methodology
- An update of project capital and operating costs, using conservative inflation assumptions and a large contingency budget
- A re-examination of whether a revenue guarantee would be required
- A re-thinking of the critical relationships between HSR and local/regional transit systems
- An analysis of whether the system could be built in segments, with each having independent utility
- A reassessment of the federal and state funding environment, particularly over the short term
- A realistic appraisal of when and how private capital will be available

Conclusions

- The ridership model is sound and can be used for business planning. Projections show that the Initial Operating Section will generate a net operating profit.
- The capital costs have grown, as more engineering and environmental analysis has been done. However, the new capital costs are an accurate, current reflection of the cost of building out the segments and the system, with sufficient contingency to address foreseeable changes.
- Under this plan an operating subsidy will not be required. California HSR will be able to sustain operations going forward, consistent with HSR systems around the world. Profits will be able to contribute to future construction costs.
- Criticism that HSR has failed to leverage existing regional rail systems has been justified. The 2011 Business Plan moves toward a much fuller integration with those systems and to realize the benefit of advanced investment in upgrading those existing lines. The Authority plans to use those systems for strategic connections in the early years and to run "blended service" (i.e., HSR trains running at appropriate urban-area speeds on existing or improved tracks where possible).
- It is both desirable and necessary to construct HSR in phases—adding lateral segments and later service-level upgrades. This can be done so that each segment has independent value and so that funding confidence can be achieved before each such segment is commenced.
- The Authority realizes that the current funding environment is challenging and has not assumed any additional federal funding before FY 2015. However, there are sufficient funds to construct the foundation segment of HSR and secure important right-of-way. Moreover, progress toward fully funding the all-important Initial Operating Section can be secured from a variety of potential sources.
- The private sector will play a major role in HSR. This project neither can nor should be built entirely with public funds. We expect private-sector operations and maintenance in the near term. Significant private capital is available upon completion of the IOS and demonstration of ridership, and we are actively working with the private sector to explore innovative, cost-effective ways to secure private participation for all elements of the program.



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November 23, 2011

Mr. Roelof van Ark
 CEO, California High Speed Rail Authority
 925 L. Street, Suite 1425
 Sacramento, Ca. 95814

SUBJECT: Comments on Draft 2012 Business Plan for California High Speed Rail

Dear Mr. van Ark:

The City of Burlingame wishes to comment on one section of the Draft 2012 Business Plan for high speed rail, namely, the assessment of replacement infrastructure costs for alternative modes of travel. Since this "replacement" analysis is being used as a justification for why California ought to embark on a project now three times more expensive than the voters approved, it is especially important that it be scrutinized. But upon closer review, we can only conclude that the analysis is methodologically flawed, grossly misleading to policy makers and should be struck from the plan in its entirety. We wish it were different. Our City would materially benefit if high speed rail really reduced in a substantial way the future expansion needs at San Francisco International Airport or the twin highways that bracket our city (Highways 101 and 280). But it will not.

Background

Our City Council appreciates the greater rigor shown in the Draft 2012 Business Plan. While we still have misgivings, especially about the fact that California and U.S. taxpayers are now being asked to shoulder ALL the front-end development risk (\$35 billion or so) before the private sector will invest a dime, we appreciate the greater detail and realism in this revision, especially on the cost and timing side. That is why we feel so strongly that this capacity analysis, which smacks of a marketing document more than a business model, should be expunged from the 2012 Plan and from the California High Speed Rail Authority's talking points.

In the Executive Summary and in the Economic Analysis portions of the 2012 Plan, the Authority seeks to show policy makers that the high speed rail investment of \$98 billion, while much higher than what voters were told it would cost in 2008, would nonetheless be a good deal compared to building equivalent capacity in airports or roads. The Authority claims that

replacement capacity at airports or roads would cost California \$177 billion instead. This analysis, as we describe below, is both intellectually dishonest and misleads policy makers who don't read the fine print.

Flawed Methodology

In the 2009 version of the Business Plan, the Authority asked the question: "How much would it cost airports and roads to expand so as to handle the ridership we forecast for High Speed Rail?"

Clearly, this is a loaded question. If one believes that the ridership may be significantly overstated, then the answer about incremental expansion costs at airports and highways will also be significantly overstated.

But the analytical problem is much worse in the current 2012 Business Plan. In the current plan, the Authority's private sector adviser, Parsons Brinkerhoff, asks, "How much extra airport and road capacity would be needed to accommodate the maximum throughput of a California High Speed Rail system?" (Note that this capacity would be well above even the most optimistic ridership forecast.) To be clear and fair, PB spells out its assumptions:

- 12 trains per hour in each direction
- 1,000 seats per train
- 19 hours of operation every day
- 70% average load factor for trains¹

These assumptions would mean a train leaving San Francisco and Los Angeles every five minutes, loaded with 700 passengers, 19 hours a day, 365 days a year. This "maximum throughput capacity" analysis yields 116 million passengers a year that Parsons Brinckerhof (PB) then needs to "accommodate" with larger airports and more highway lanes. This astounding number is completely divorced from any reality over the next 50 years, even by CHSRA forecasts. Undeterred, PB concludes that to "provide equivalent new capacity through investment in highways and aviation would cost California almost twice as much (\$177 billion) as the Phase 1 high-speed rail system" and would require approximately:

- 2,300 miles of new highways
- 115 new airport gates
- 4 new airport runways

The Authority is so enamored of this comparison that it cites the conclusions (but not the premise) in the 2012 Executive Summary² on Page 1.

It is a poor way to serve busy policy makers, to create this false sense of "choice." Using this approach, one might propose to lawmakers that we spend billions on power plants, just in case

¹ "Cost of Providing Equivalent Capacity to HSR through Other Modes," Parsons Brinkerhoff, Oct. 2011

² CHSRA Draft 2012 Business Plan, pages ES 1+2. See also Chapter 10, Economic Analysis

every Californian turned on his/her lights, air conditioning, TV and computer simultaneously and ran them for 19 hours a day. Beyond the disingenuousness of PB's analysis, PB also fails to point out that highway lanes and airport expansion can occur organically, over time, as demand warrants (or not). The CHSRA system, on the other hand, has to be built virtually all at once, with very little difference in capital expense between a minimum and maximum ridership scenario. As any business person knows, it is far preferable to build enterprises whose capital investments can be staged over time as demand requires them, rather than having to make a very large bet up front, especially in an untried service or product offering.

False Benefit for Policy Makers

There is another, more damaging element to PB's and the Authority's use of this analysis. By equating the high speed rail (HSR) investment with the airport/road investment, the Authority is implicitly promising the people and policy makers of California that an investment in HSR will obviate or substantially reduce the need for new infrastructure investment in our airports and roads. In fact, if the State builds HSR, then it will have to pay for the rail AND roads AND airport expansions.

In September 2011, San Francisco International Airport (SFO) released a thorough review of its future capacity needs through 2035³, and these needs are significant. Importantly, SFO analysts included HSR in its forecast. The SFO analysis used the 2009 ridership scenario for 2035 (which is higher than the 2012 Plan, ergo, SFO's forecast assumed even higher HSR ridership than is in today's forecast for 2035). SFO experts concluded:

“Using information developed by the California High Speed Rail Authority, about 6 million annual air passengers would be diverted to HSR in 2035, or about 6% of total Bay Area air passengers in 2035. All three Bay Area airports would experience some air passenger diversion to HSR, estimated at 2.4 million air passengers from SFO, 1.9 million air passengers from SJC and 1.8 million air passengers from OAK. Air passengers are diverted from OAK to HSR at a lower rate than the other airports because these passengers have less convenient access to HSR from the East Bay. Total passengers would be reduced 11.9% at SJC, 8.6% at OAK, and 3.7% at SFO. **Total Bay Area aircraft operations would decrease by 6.1%.**”⁴ (Emphasis added.)

Of course, every little bit helps. But in the same planning document, total forecast demand expansion for SFO is on the order of 90%, with passengers growing from 35 million to 64 million and air cargo almost doubling. Growth comes from low-cost airlines expanding their offerings around the USA from SFO, growing international traffic, and cargo – none of which HSR competes for. Therefore, HSR provides only minor alleviation of SFO's total capacity constraints; indeed, one might even forecast that HSR would bring more passengers to SFO from the Central Valley for its international flights.

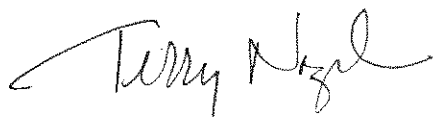
³ http://www.regionalairportstudy.com/library/RASPA-2011_update/Volume_1-Sept_2011_RASPA_Final_Report.pdf)

Burlingame is extremely close to SFO; our City is an original member of the SFO Airport Roundtable, which works to mitigate the airport's effects, and we remain vigilant, on behalf of our residents, that SFO's growth is managed in a way that supports our regional economy while minimizing incremental noise pollution in our city. Likewise, we are surrounded by two major highways that carry tens of thousands of people every day. We welcome cost-effective strategies to significantly reduce growth in auto and airplane traffic. It would be wonderful if HSR did that, but we don't believe it will, because traffic between Los Angeles and San Francisco is just a fraction of the overall demand.

In sum, policy makers may decide to invest \$98 billion to construct high speed rail for various reasons. What we suggest policy makers NOT do is make this investment because they believe that the alternative is to spend \$177 billion on airport and road capacity.— That assumption is not grounded in reality. It is also unrealistic to assume that an investment in high speed rail will alleviate the need for substantial additional airport and highway investments.

We strongly advise the Authority to drop this flawed analysis from the Draft 2012 Business Plan, lest it further undercut the credibility of other parts of the plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Nagel". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Terry Nagel, Mayor , on behalf of the entire Burlingame City Council

cc: California High Speed Rail Authority Board
Congresswoman Jackie Speier
Congresswoman Anna Eshoo
Congressman John Mica
State Senator Joe Simitian
State Senator Leland Yee
Assemblymember Jerry Hill
Assemblymember Rich Gordon
CHSRA Board Member Jim Hartnett



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: January 10, 2012

Staff Report #: 12-002

Agenda Item #: D-2

CONSENT CALENDAR: Accept the 2011 Advisory Body Attendance Reports

RECOMMENDATION

Staff recommends City Council accept the 2011 Advisory Body attendance reports.

BACKGROUND

In accordance with City Council Policy CC 91-001, adopted by Resolution No. 4242, staff is submitting the advisory body attendance reports for 2011. This is for Council's review and information.

The policy states that members who attend less than two-thirds (67%) of the advisory body's scheduled meetings may be replaced by the City Council. Attendance rates of less than two-thirds for current members are in bold in the report. While scheduling conflicts occur from time to time, excessive absenteeism hinders the Commission's productivity. In the past, the Mayor has contacted Commission and Committee members who are unable to meet the required attendance level, to determine their future availability for the Commission they serve on.

IMPACT ON CITY RESOURCES

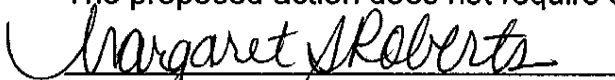
There is no impact on City resources associated with this action, based on the annual review of attendance. Recruitment for new commissioners would be incorporated into the ongoing commission recruitments, if some commissioners determined they were no longer able to serve.

POLICY ISSUES

The proposed action is consistent with state law and existing City Policy.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.


Margaret S. Roberts, City Clerk

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS:

A – City Council Policy CC 91-0001

B – Attendance Records for each Advisory Body (in alphabetical order)

City of Menlo Park

City Council Policy

Department City Council	Page 1 of 1	Effective Date January 1, 1991
Subject Board and Commission Attendance Policy	Approved by Resolution 2801 - 05/27/1985 Revised Resolution 4242 - 12/04/1990	Procedure # CC-91-0001

PURPOSE:

This policy is adopted in order to encourage attendance at Board and Commission scheduled meetings and to replace members who are unable to attend on a consistent basis.

BACKGROUND:

A policy of attendance at Board and Commission scheduled meetings has not been uniform throughout the City. Many commissions have their own policies which they implement on an informal basis. Some commission scheduled meetings have been cancelled due to the lack of a quorum, a number of Commissions have members who miss a majority of their scheduled meetings and the issue of attendance at scheduled meetings is of concern. Some Commission chairpersons have previously expressed a need for an attendance policy which would be consistent for all boards and commissions and which would dictate the removal of a board or Commission member who has missed a certain number of scheduled meetings in the calendar year.

There are, often times, excellent reasons why a Board or Commission member might not be able to attend a scheduled meeting: illness, business or home commitments. The policy should be flexible enough so that a reasonable number of absences are allowed. Extensive absences on the part of a Board or Commission member do restrict the ability of a Board or Commission to complete its work and an attendance policy is meant to discourage such behavior.

POLICY:

- 1) A compilation of attendance will be submitted to the Council annually in January listing absences for all Board and Commission members.
- 2) Absences, which result in attendance at less than two-thirds of Board and Commission scheduled meetings for any reason during the calendar year, will be reported to the City Council and may result in replacement of the Board or Commission member by the Council.
- 3) Any Board or Commission member who feels that unique circumstances have led to numerous absences, can appeal directly to the City Council for a waiver of this policy or a leave of absence.

CITY OF MENLO PARK

BICYCLE COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Maynard Harding Appointed 03/24/2009	14	14	100%
Gregory K. Klingsporn Appointed 03/24/2009 Reappointed 04/26/2011	14	13	93%
Walter Kohn Appointed 03/24/2009 Reappointed 04/26/2011	14	13	93%
Mary Ann Levenson Appointed 04/03/2007 Reappointed 04/26/2011	14	10	71%
Watson "Scott" Lohmann Appointed 03/24/2009	14	10	71%
Jim Rowe Appointed 08/26/2008 Reappointed 03/24/2009	14	11	79%
Robert Steele Appointed 01/10/2006 Reappointed 03/24/2009	14	10	71%

Additional Comments/Notes:

- The Commission had two multi-site meetings riding bicycles between sites.

CITY OF MENLO PARK

ENVIRONMENTAL QUALITY COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Lawrence Byers* Appointed 03/24/2009 Reappointed 10/06/2009 <i>Resigned 03/13/2011</i>	3	2	67%
Daniel Kocher Appointed 08/26/2003 Reappointed 10/02/2007 <i>Term Expired 09/30/2011</i>	11	9	82%
Kristin Kuntz-Duriseti Appointed 08/26/2008	11	10	91%
Adina Levin* Appointed 07/19/2011	4	4	100%
Katherine Schrenk Appointed 08/24/2010 <i>Resigned 10/04/2011</i>	9	9	100%
Douglas A. Scott Appointed 08/17/2004 Reappointed 08/26/2008	11	11	100%
Mitchel Slomiak Appointed 10/02/2007 <i>Term Expired 09/30/2011</i>	11	10	91%
Christina Smolke Appointed 12/14/2010	11	11	100%

Additional Comments/Notes:

- Daniel Kocher and Mitchel Slomiak have terms that expired September 30, 2011 and they have continued to serve and attend meetings. Daniel Kocher is termed out and Mitchel Slomiak has applied for reappointment.
- The August meeting was cancelled.

CITY OF MENLO PARK

FINANCE / AUDIT COMMITTEE

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Jeffrey Child Appointed 01/08/2008 Reappointed 12/15/2009	10	10	100%
Honor Huntington Appointed 01/08/2008 Reappointed 01/25/2011	10	90	90%
Stuart Soffer Appointed 01/08/2008 Reappointed 12/15/2009	10	8	80%
Peter Ohtaki – Council Member Appointed 12/14/2010	10	9	90%
Richard Cline – Council Member Appointed 01/08/2008 Reappointed 12/15/2009 Reappointed 12/14/2010	9	6	67%

Additional Comments/Notes:

- Rich Cline had to recuse himself from the September 12, 2011 meeting due to a conflict of interest.

CITY OF MENLO PARK
HOUSING COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made	Total number of meetings attended	Attendance percentage
John Bautista Appointed 10/06/2009	10	4	40%
Patricia Boyle Appointed 11/09/2004 Reappointed 10/02/2007 <i>Term Expired 09/30/2011</i>	10	10	100%
Sally Cadigan Appointed 08/31/2010	10	8	80%
Carolyn Clarke Appointed 10/06/2009	10	9	90%
Anne Moser Appointed 07/20/2004 Reappointed 08/26/2008	10	10	100%
Yvonne Murray Appointed 08/31/2010	10	6	60%
Brigid Van Randall Appointed 12/15/2009 <i>Term Expired 09/30/2011</i>	10	6	60%

Additional Comments/Notes:

- Patty Boyle and Brigid Van Randall have terms that expired September 30, 2011 and they have continued to serve and attend meetings. Patty Boyle is termed out and Brigid Van Randall has applied for reappointment.
- February meeting could not be called to order due to lack of a quorum (P. Boyle, C. Clarke and A. Moser were present). This meeting is included in the number of meetings above.
- May and December meetings were cancelled.

CITY OF MENLO PARK

LIBRARY COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Jacqueline, Cebrian Appointed 05/24/2011	5	5	100%
Amy Hamilton Appointed 10/06/2009	13	8	62%
Thomas McDonough* Appointed 8/27/2002 Reappointed 6/27/2006 Extended 06/22/2010 <i>Term Expired 04/30/2011</i>	6	4	67%
Vin Sharma Appointed 05/14/2011	5	3	60%
Alaina Sloo Appointed 10/02/2007	13	12	92%
Lucia Soto Appointed 8/26/2008	13	7	54%
Amita Vasudeva Appointed 10/06/2009	13	11	85%
Michelle Wangberg Appointed 10/06/2009	13	13	100%
Anna Zara* Appointed 04/20/2004 Reappointed 06/27/2006 Extended 06/22/2010 <i>Term Expired 04/30/2011</i>	6	5	83%

Additional Comments/Notes:

- The Council extended the terms for Thomas McDonough and Anna Zara from ending 07/31/2010 to expire on 04/30/2011.

CITY OF MENLO PARK

PARKS & RECREATION COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name (*Indicates only partial year served))	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Kelly Blythe Appointed 09/12/2006 Reappointed 09/28/2010	11	9	82%
Kristi Breisch* Appointed 10/02/2007 Resigned 06/20/2011	7	7	100%
Catherine Carlton Appointed 09/28/2010	11	8	73%
James Cebrian Appointed 10/06/2009	11	10	91%
Thomas Cecil* Appointed 07/19/2011	3	2	67%
Andrew Kirkpatrick Appointed 01/23/2007 Reappointed 08/26/08	11	8	73%
Nick Naclerio Appointed 09/12/2006 Reappointed 09/28/2010	11	3	27%
Jim Tooley Appointed 01/23/2007 Reappointed 10/06/2009	11	7	64%

Additional Comments/Notes:

- There were two meetings held in February, 2011.
- The June meeting could not be called to order due to lack of a quorum (Breisch, Carlton, Cebrian were present). This meeting is included in the number of meetings above.
- The July meeting could not be called to order due to lack of a quorum (Blythe, Kirkpatrick, Tooley were present). This meeting is included in the number of meetings above.
- The August meeting was cancelled.
- The October meeting was cancelled.

CITY OF MENLO PARK
PLANNING COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Vincent Bressler Appointed 04/03/2007 Reappointed 04/05/2011	27	26	96%
Ben Eiref Appointed 05/04/2010	27	27	100%
Katie Ferrick Appointed 08/26/2008	27	26	96%
John Kadvany Appointed 08/26/2008	27	27	100%
Jack O'Malley Appointed 04/04/2006 Reappointed 05/04/2010	27	24	89%
Henry Riggs Appointed 01/11/2005 Reappointed 05/09/2006 Reappointed 05/04/2010	27	27	100%
Piepei Carol Yu Appointed 01/25/2011	25	24	96%

Additional Comments/Notes:

- Total meetings attended include participation via teleconference for Ben Eiref, Katie Ferrick and John Kadvany.

CITY OF MENLO PARK

TRANSPORTATION COMMISSION

ATTENDANCE REPORT FOR CALENDAR YEAR 2011

Member's Name <i>(*Indicates only partial year served)</i>	Total number of meetings held during the year or since appointment was made (whichever is applicable)	Total number of meetings attended	Attendance percentage
Charlie Bourne Appointed 01/23/2007 Reappointed 10/06/2009	13	13	100%
Bob Cronin* Appointed 01/23/2007 Reappointed 10/02/2007 <i>Term Expired 09/30/2011</i>	12	10	83%
Martin Engel Appointed 10/02/2007 <i>Term Expired 09/30/2011</i>	12	10	83%
Nathan Hodges* Appointed 11/15/2011	1	1	100%
Penelope Huang Appointed 10/09/2007 Reappointed 01/27/2009	12	11	92%
Ray Mueller Appointed 07/20/2011	12	11	92%
Maurice Shiu Appointed 10/06/2009	13	11	85%
Katherine Strehl Appointed 04/06/2010 Reappointed 07/20/2010	13	11	85%
Bianca Walser* Appointed 11/15/2011	1	1	100%

Additional Comments/Notes:

- There were two meetings in March, and two meetings in August.
- Commissioners Huang and Mueller had to recuse themselves from the August 18, 2011 meeting due to conflict of interest. That meeting is not included in their total number of meetings for the year.
- The September meeting was cancelled.
- Robert Cronin and Martin Engel served through November, until new appointments were made.



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL MEETING **DRAFT** MINUTES**

Tuesday, December 13, 2011 at 5:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

Mayor Keith called the Closed Session to order at 5:00 in the Council Conference Room, first floor of City Hall with all members present. There were no members of the public present for comments on the closed session item.

- CL1.** Closed Session pursuant to Government Code section 54957.6 to conference with labor negotiators regarding labor negotiations with the Service Employees International Union (SEIU)
City Representatives: Glen Rojas, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney, Glen Kramer, Interim Personnel Director

Mayor Keith called the Study Session to order at 6:09 p.m. with all members present.

ACTION: There was no reportable action from Closed Session.

- SS1.** Discuss potential acquisition of Flood Park from San Mateo County and provide feedback on possible options for its sustainable operation ([Staff Report #11-202](#)) ([PowerPoint](#))
Staff presentation by Katrina Whiteaker, Recreation Manager and Ruben Nino, Assistant Public Works Director

Public Comments

- Katie Ferrick spoke in support of the City acquiring Flood Park.
- Kelly Blythe, on behalf of the Parks and Recreation Commission, provided information on the Commission's recommendation to continue pursuing the acceptance of Flood Park but to strongly consider funding options and take a long term view of the future potential for the park.
- Amy McGaraghan spoke in support of the City acquiring Flood Park and made suggestions for alternatives for cost recovery.
- Ellen Haffner spoke in support of the City acquiring Flood Park.
- Roger Zamora, on behalf of Summit Prep Charter High School, spoke in support of the City acquiring Flood Park and the need of athletic space for the school.
- Mike Gardner, on behalf of Menlo Atherton Little League, spoke in support of the City acquiring Flood Park and the need for sports fields.
- Rory & Ben Ferrick spoke about what they enjoy about the park; playing, biking and the baseball fields.
- Dan Burke spoke in favor of the City acquiring Flood Park.
- Henry Riggs posed questions to the Council for their consideration when considering acquiring Flood Park.
- Steve Wong read a letter from his wife in opposition of the City acquiring Flood Park at the expense of other programs
- Skip Hilton spoke regarding the need in additional sports field space and suggested looking at ways to reduce projected costs.

- Jon Hazard spoke about what a great park it is and what an asset to the neighborhood.
- Shari Conrad stated the City is being offered a gift and hopes the City takes advantage of acquiring Flood Park.
- Tim Burks spoke in favor of the City doing whatever it takes to acquire Flood Park and stated that if the park closes it will impact safety in the neighborhood.
- Sarah Cueva spoke in favor of the City acquiring Flood Park in order to give the children the opportunity to be active.
- Michael McKay spoke regarding multiple factors that need to be considered prior to making a decision on acquiring Flood Park. He stated he is in support of the City acquiring the park.
- Jim Armstrong spoke in support of the City acquiring Flood Park and addressed the need for parks in this area of town.
- Diane Dittmar spoke in favor of the City acquiring Flood Park.

Jim Porter, San Mateo County Director of Public Works, stated that the County is willing to work with the City in keeping the park open.

ACTION: Direction given to staff to continue discussions with San Mateo County regarding acquiring Flood Park.

The Regular Session was called to order at 7:32 p.m. by Mayor Keith with all members present.

The pledge of allegiance was led by Mayor Keith.

ANNOUNCEMENTS

Mayor Keith announced that this would be City Manager Glen Rojas' last meeting and he was honored with a proclamation. ([Attachment](#))

A. PRESENTATIONS AND PROCLAMATIONS: None

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS: None

C. PUBLIC COMMENT #1

- Jim Lewis spoke regarding his ten point program and recommendations for the future. (Letter)

NOTE: The Council deferred item F-4 to the first meeting in January and moved item F-3 to be the first item heard under Regular Business.

D. CONSENT CALENDAR

ACTION: Motion and second (Cline/Ohtaki) to approve all items on the Consent Calendar except D4 as submitted passes unanimously.

D1. Approve the Annual Report on the Below Market Rate (BMR) Housing Program and the status of the BMR in-lieu fees collected as of June 30, 2011, in accordance with Government Code § 66000 et seq. ([Staff Report #11-206](#))

D2. Review of the Annual Report on the status of the Transportation Impact, Storm Drainage, Recreation in lieu and Building Construction Road Impact fees collected as of June 30, 2011 according to Government Code § 66000 et seq. ([Staff Report #11-197](#))

D3. Award a contract to Emissions Retrofit Group and authorize a total budget of \$81,202 for the purchase and installation of mandated emission control devices
([Staff Report #11-208](#))

D4. Authorize the Public Works Director to accept the work performed by Guerra Construction Group for the Safe Routes to Laurel School Project ([Staff Report #11-204](#))

The item was pulled by K. Fergusson to comment.

ACTION: Motion and second (Fergusson/Ohtaki) to authorize the Public Works Director to accept the work performed by Guerra Construction Group for the Safe Routes to Laurel School Project passes unanimously.

D5. Adopt **Resolution No. 6037** authorizing the installation of a Passenger Loading Zone, approximately 130 feet in length, from 7:30 a.m. - 8:30 a.m. and from 2:30 p.m. - 3:30 p.m. during School days only on the east side of Almanor Avenue in front of Belle Haven Elementary School ([Staff Report #11-205](#))

D6. Notify the City Council of the Local Appointment List (The Maddy Act)
([Staff Report #11-199](#))

D7. Accept the Minutes for November 1, 15 and December 6, 2011 ([Attachment](#))

D8. Approve the Menlo Park Community Development Agency Annual Report for fiscal year 2010-11 ([Staff Report #11-210](#))

E. PUBLIC HEARINGS

E1. Adopt a resolution accepting fiscal year 2011-2012 State Supplemental Local Law Enforcement Grant (COPS Frontline) in the amount of \$100,000; Approve a spending plan and Re-allocate \$29,783 from fiscal year 2010-2011 encumbered Supplemental Law Enforcement Special Funds ([Staff Report #11-198](#))

Staff presentation by Susan Tsai, Management Analyst

The public hearing was opened and there were no comments on the item.

ACTION: Motion and second (Cline/Cohen) to close the public hearing at 7:48 p.m. passes unanimously.

ACTION: Motion and second (Cohen/Cline) to adopt **Resolution No. 6038** accepting fiscal year 2011-2012 State Supplemental Local Law Enforcement Grant (COPS Frontline) in the amount of \$100,000 and to approve a spending plan and Re-allocate \$29,783 from fiscal year 2010-2011 encumbered Supplemental Law Enforcement Special Funds passes unanimously.

E2. Adopt a resolution approving a rate increase not to exceed 10 percent in solid waste collection base rates for all Menlo Park single family residential, commercial and multi-family residential customers and adopt a resolution approving increased fees for supplemental services not covered in the solid waste base rates effective January 1, 2012; and Consider establishing a minimum balance for the Solid Waste Fund ([Staff Report #11-203](#))

Staff presentation by John McGirr, Revenue and Claims Manager

The public hearing was opened.

Public Comment

- Tim Robertson, representing Sand Hill Circle Association, asked if there were unintentional consequences such as the push back rates and key charges. For the Association this is equal to a \$280 increase in fees for 101 feet.
- Suresh Patel spoke against the rate increase and asked if there is a choice as to who picks up the solid waste or if self-haul could be an option.

ACTION: Motion and second (Cline/Ohtaki) to close the public hearing at 8:11 p.m. passes unanimously.

Mario Puccinelli, Recology General Manager stated that there are unintentional consequences when moving to a fixed cost agreement from a cost plus agreement. Recology representatives will meet with the two speakers following the public hearing to discuss options to reduce their costs.

Kevin McCarthy with SBWMA answered questions of the Council and discussed the service adjustment that is in the current contract.

ACTION: Motion and second (Cohen/Ohtaki) to adopt **Resolution No. 6039** approving a rate increase of eight percent (8%) in solid waste collection base rates for all Menlo Park single family residential, commercial and multi-family residential customers and adopt **Resolution No. 6040** approving increased fees for supplemental services not covered in the solid waste base rates effective January 1, 2012; and consider establishing a minimum balance for the Solid Waste Fund passes unanimously.

- E3.** Consider a request to modify an existing Conditional Development Permit (CDP) for the restaurant located at 3000 Sand Hill Road to: 1) Allow breakfast, lunch and dinner service for the general public, Monday through Friday and for brunch service on weekends, 2) Allow special events (dinners, board meetings, holiday events, etc.) during weeknights and weekends for tenants of the complex and residents of Sand Hill Circle, and 3) Allow an on-sale beer and wine license to be able to serve beer and wine at the restaurant
[\(Staff Report #11-207\)](#)

Staff presentation by Deanna Chow, Senior Planner

Public Comment

- Tim Robertson, representing Sand Hill Circle Association, spoke in support of the proposal and requested a stipulation that there be no signage on Sand Hill Road in the future.

ACTION: Motion and second (Fergusson/Cohen) to close the public hearing at 8:41 p.m. passes unanimously.

ACTION: Motion and second (Fergusson/Cohen) to make the following findings:

1. The project is categorically exempt under Class 1 (Section 15301, "Existing Facilities") of the current CEQA Guidelines.
2. The proposed conditional development permit amendment will not be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the

neighborhood of such proposed planned development, and will not be detrimental to property and improvements in the neighborhood or the general welfare of the City.

3. The conditional development permit amendment provides the opportunity to serve local residents and business with a restaurant use and enhances an existing restaurant to address current trends, and better serve and retain its clientele.
4. Approval of the conditional development permit amendment with modification to condition 8e:

Restaurant service is available to both office tenants as well as the general public, and shall operate under the following guidelines. Any changes to the restaurant operations are subject to review and approval of a use permit by the Planning Commission:

- a. Hours of operation shall be limited to the following:
 - 7:30 a.m. to 7:00 p.m., Monday through Friday
 - 10:00 a.m. to 2:00 p.m., Saturday and Sunday
- b. Special events, up to a maximum of 10 per month, shall be limited to the following:
 - 7:00 a.m. to 10:00 p.m., Monday through Friday
 - 8:00 a.m. to 10:00 p.m., Saturday and Sunday
- c. On-sale of beer and wine (Type 41 license) is permitted in the restaurant.

The motion passes unanimously.

F. REGULAR BUSINESS

F3. Approve a proposal for additional services for the El Camino/Downtown Specific Plan and appropriate \$225,980 from the General Fund Reserve for consultant services

[\(Staff Report #11-211\)](#)

Staff presentation by Thomas Rogers, Associate Planner

At 8:43 p.m. Assistant City Attorney Dan Siegel announced his recusal of the item due to the proximity of the attorney's offices and left the Council Chambers.

Public Comment

- Jamie Morgan, on behalf of the Silicon Valley Bicycle Coalition, spoke regarding curb extension and three lanes on El Camino Real.
- Jo Eggers recapped an email sent to the Council earlier and asked about the construction impacts on parking.
- Patti Fry highlighted portions of a letter previously sent to the Council and voiced her concern over the process and the impact of the Floor Area Ratio (FAR).
- Richard Draeger, on behalf of Draeger's Market, spoke against the additional cost for unnecessary studies and the unintentional consequences of moving forward with the current plan.

ACTION: Motion and second (Fergusson/Ohtaki) to approve a proposal for additional services for the El Camino/Downtown Specific Plan and appropriate \$225,980 from the General Fund Reserve for consultant services and direct staff to pursue cost recovery passes unanimously.

At 10:42 p.m. Assistant City Attorney Dan Siegel returned to the Council Chambers.

- F1.** Adopt a resolution of intention and introduction of a City Ordinance to approve a contract amendment with the California Public Employees' Retirement System, providing for section 20475 (different level of benefits), section 21353 (2% at 60 full formula) and section 20037 (three-year final compensation), applicable to local miscellaneous plan within a non-pooled plan members entering membership for the first time in a miscellaneous classification after the effective date of this amendment to contract ([Staff Report #11-212](#))

Staff presentation by Glen Kramer, Interim Personnel Director

ACTION: Motion and second (Ohtaki/Cline) to adopt **Resolution No. 6041** a resolution of intention to approve an amendment to a contract between the Board of Administration California Public Employees' Retirement System and the City Council of the City of Menlo Park passes unanimously.

- F2.** Adopt a resolution approving the City Council subcommittee recommendations regarding the allocation of 2011-12 Community Funding in the amount of \$110,000 ([Staff Report #11-209](#))

Staff presentation by Cherise Brandell, Community Services Director

ACTION: Motion and second (Cline/Cohen) to adopt **Resolution No. 6042** approving the City Council subcommittee recommendations regarding the allocation of 2011-12 Community Funding in the amount of \$110,000 passes unanimously.

- F4.** Council appointments to regional boards, commissions and committees ([Staff Report #11-201](#))

This item was deferred to the January 10, 2012, Council meeting.

- F5.** Council review and approval of the City Council 2012 meeting schedule ([Staff Report #11-200](#))

Staff presentation by Margaret Roberts, City Clerk

ACTION: Motion and second (Cline/Fergusson) to approve the City Council 2012 meeting scheduled as amended passes unanimously. (Approved Calendar)

- F6.** Authorize the City Manager to proceed with a direct placement refinancing of the Series 2002 General Obligation Bonds that result in a minimum of 7% Net Present Value (NPV) savings ([Staff Report #11-213](#))

Staff presentation by Carol Augustine, Finance Director

ACTION: Motion and second (Fergusson/Cline) to authorize the City Manager to proceed with a direct placement refinancing of the Series 2002 General Obligation Bonds that results in a minimum of 7% Net Present Value (NPV) savings passes unanimously.

G. CITY MANAGER'S REPORT: None

H. WRITTEN COMMUNICATION: None

I. INFORMATIONAL ITEMS

- I1.** Accept the Draft Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 ([Staff report #11-214](#)) ([PowerPoint](#))
Staff presentation by Carol Augustine Finance Director

J. COUNCILMEMBER REPORTS

- K. Fergusson requested the Council schedule an optional meeting to discuss the trees along El Camino Real, what they look like now and what they could look like in the future. ([Attachment](#))

Council Members reported on meetings attended in compliance with AB1234 reporting requirements.

- K. PUBLIC COMMENT #2:** None

L. ADJOURNMENT

The meeting was adjourned at 11:33 p.m. in memory of Dr. Hattie Bostic.

Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of



**CITY COUNCIL
COMMUNITY DEVELOPMENT AGENCY
SPECIAL MEETING **DRAFT** MINUTES**

**Thursday, December 15, 2011 at 7:30 a.m.
701 Laurel Street, Menlo Park, CA 94025
First Floor Council Conference Room, City Hall**

Mayor Keith called the Special Meeting to order at 7:38 a.m. in the Council Conference Room, first floor of City Hall with all members present.

A. PUBLIC COMMENT

There were no members of the public present for comments on the closed session item.

B. CLOSED SESSION

Pursuant to Government Code § 54957(b)(1) PUBLIC EMPLOYMENT
Title: City Manager

The City Council adjourned to the Gatehouse (555 Ravenswood Avenue, Menlo Park, 94025) to closed session at 7:50 a.m.

C. ADJOURNMENT

Mayor Keith adjourned the meeting at 3:20 p.m.

Margaret S. Roberts, MMC
City Clerk

Minutes accepted at the Council meeting of



ADMINISTRATIVE SERVICES

Council Meeting Date: January 10, 2012
Staff Report #: 12-006

Agenda Item #: F-1

REGULAR BUSINESS: Waive the Second Reading and Adopt a City Ordinance Approving a Contract Amendment with the California Public Employees' Retirement System, Providing for Section 20475 (Different Level of Benefits), Section 21353 (2% at 60 Full Formula) and Section 20037 (Three-Year Final Compensation), Applicable to Local Miscellaneous Plan Members within a Non-pooled Plan Entering Membership for the First Time in a Miscellaneous Classification after the Effective Date of this Amendment to Contract

RECOMMENDATION

Staff recommends that the City Council adopt a City Ordinance to amend its contract with the California Public Employees' Retirement System (CalPERS) to provide Section 20475 (Different Level of Benefits), Section 21353 (2% at 60 Full Formula) and Section 20037 (Three-Year Final Compensation) for local miscellaneous members entering membership for the first time after the effective date of this contract amendment.

BACKGROUND

The City contracts with CalPERS to provide retirement benefits for City employees. CalPERS provides a number of benefit formula options to member agencies. The City currently contracts for the 2.7% at 55 full formula option for all benefited non-sworn personnel, referred to by CalPERS as local miscellaneous members, and has 200 positions in this category. Under this option, if an employee retires at the normal retirement age of 55, their annual retirement allowance is calculated as follows:

(highest consecutive twelve months of salary) x (2.7% x years of service credit)

The City has had a longstanding goal of achieving a sustainable budget. The economic recession that started in 2008 has resulted in reduced revenues and, combined with State raids on City funding sources, has made this goal particularly challenging. As a result, Council has made it a priority to reduce expenditures wherever possible. Because employee compensation represents the biggest expenditure component contained in the City budget, the City has focused its attention on reducing expenditures

in the areas of wages, health insurance contributions, pension costs and retiree health provisions (also known as OPEB obligations).

As part of the effort to achieve savings, and to comply with the Public Employees Pension Reform Act (Measure L), approved by voters on November 2, 2010, a second lower tier retirement benefit for new employees is being established. In order to establish a new tier, there must be alignment with all bargaining units within the non-sworn units that are a part of the miscellaneous plan. Alignment has been reached in the following manner:

- (a) On May 4, 2010, Council imposed the provisions of its last, best and final offer with Service Employees International Union, Local 521, which represents 146 non-sworn, non-supervisory positions. The action contained a lower second tier 2% @ 60, highest three years provision for new employees, that could be implemented as soon as practicable.
- (b) On November 1, 2011, Council approved a successor agreement with the American Federation of State, County and Municipal Employees, Local 829, which represents 35 non-sworn supervisory positions. The new agreement specifies the lower second tier 2% @ 60, highest three year provision for new employees, effective upon implementation of a CalPERS contract amendment.
- (c) On November 1, 2011, Council approved a modification to the Management Benefit Plan covering 16 executive management staff, including the City Manager. The modification specifies the lower second tier 2% @ 60, highest three year provision for new employees.
- (d) The change will also impact three confidential employee positions and new Council members elected after a CalPERS contract amendment becomes effective.

Upon Council approval of the AFSCME contract, staff initiated the process necessary to establish the second miscellaneous tier.

The establishment of the second tier requires a contract amendment with CalPERS that must be approved by the City Council. On December 13, 2011, Council approved Resolution 6041, expressing its intent to approve this contract amendment, and introduced a City Ordinance that enacts the change.

Final approval of this Ordinance by Council represents the last step in the process and completes the requisite procedure.

ANALYSIS

CalPERS has disclosure recommendations for all contract amendments. The City has always followed these disclosure guidelines. Even though the process is designed to disclose costs associated with enhanced plan amendments, the City is following the same format to disclose the future savings associated with establishing a lower second tier.

There will be no immediate employer contribution rate impact from this amendment. Ultimately, however, the employer normal cost will decrease. If the mix of active member entry ages were the same for both the current continuing first tier employees and the new second tier employees, the decrease in the employer rate would be 4.2%. The employer rate reduction will occur gradually, beginning on July 1, 2014, if there are second tier employees hired on or before June 30, 2012. For fiscal years 2014-15 and beyond, the projected cumulative amount of rate reduction the employer can expect from introducing a second tier is equal to the ratio of the second tier payroll to the total plan payroll two and one half years earlier. For example, if 1/30 of the miscellaneous plan members were in second tier on June 30, 2012 and the ultimate expected normal cost decrease was 4.2%, the cumulative rate reduction the City can expect by the 2014-15 fiscal year would be $1/30 \times 4.2\%$ or 0.14%. CalPERS estimates that significant cost savings typically begin to accrue in the eleventh year of implementation.

It should also be noted that the employee contribution toward the employer rate, contained in all contracts and implementations, requires a 50/50 employee/employer cost split for any percentage above 15.850% (14.597% for SEIU). This will be applied to members of both tier groups, establishing further cost controls should employer contribution rates rise above the rates noted.

Government Code Section 7507 requires that the future annual costs of the proposed contract be made public at a public meeting at least two weeks prior to the adoption of the final ordinance. To ensure compliance, this item has been placed on the agenda as a regular business item. Assuming Council approval, the second tier will be in place with the first pay period after the effective date of the ordinance (February 12, 2012).

IMPACT ON CITY RESOURCES

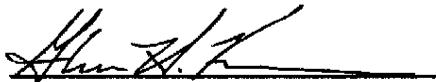
The City currently anticipates an employer cost for miscellaneous plan members of \$2,257,000 for fiscal year 2011-12, offset by a post tax employee contribution toward the employer cost of \$69,000, for a net employer cost of \$2,188,000. Using these figures, the second tier upon full implementation would save an additional \$590,000 (4.200%). These figures represent an illustration only, as the actual savings will be realized gradually over the next 25 to 30 years as tier 1 employees retire and tier 2 employees are hired.

POLICY ISSUES

The recommendation contributes to goals related to achieving a sustainable budget, and is authorized under the current bargaining unit agreements or implementations currently in effect.

ENVIRONMENTAL REVIEW

This action is not subject to the California Environmental Quality Act.



Glen H. Kramer
Interim Personnel Director
Report Author

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 24 hours prior to the meeting.

ATTACHMENTS

- A - Amendment to Contract
- B - Ordinance Authorizing an Amendment to the Contract between the City Council of the City of Menlo Park and the Board of Administration of the California Public Employees' Retirement System



Attachment "B"

EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Menlo Park

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective December 1, 1948, and witnessed October 26, 1948, and as amended effective July 1, 1957, May 1, 1965, October 1, 1965, June 1, 1973, September 28, 1973, July 1, 1974, July 31, 1977, March 6, 1983, March 30, 1986, July 1, 1990, September 26, 1991, June 30, 1994, February 9, 1996, January 5, 2000, June 30, 2001, March 16, 2006, June 25, 2006 and November 20, 2011 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 15 are hereby stricken from said contract as executed effective November 20, 2011, and hereby replaced by the following paragraphs numbered 1 through 16 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for local miscellaneous members entering membership in the miscellaneous classification on or prior to the effective date of this amendment to contract, age 60 for local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract, age 50 for local safety members entering membership in the safety classification on or prior to November 20, 2011 and age 55 for local safety members entering membership for the first time in the safety classification after November 20, 2011.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after December 1, 1948 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorneys fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
 - (d) Public Agency's election to file for bankruptcy under Chapter 9 (commencing with section 901) of Title 11 of the United States Bankruptcy Code and/or Public Agency's election to reject this Contract with the CalPERS Board of Administration pursuant to section 365, of Title 11, of the United States Bankruptcy Code or any similar provision of law.
 - (e) Public Agency's election to assign this Contract without the prior written consent of the CalPERS' Board of Administration.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

- (f) The termination of this Contract either voluntarily by request of Public Agency or involuntarily pursuant to the Public Employees' Retirement Law.
 - (g) Changes sponsored by Public Agency in existing retirement benefits, provisions or formulas made as a result of amendments, additions or deletions to California statute or to the California Constitution.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
- a. Local Police Officers (herein referred to as local safety members);
 - b. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
- a. **PERSONS COMPENSATED ON AN HOURLY BASIS HIRED ON OR AFTER MAY 1, 1965; AND**
 - b. **FIREFIGHTERS.**
6. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment before and not on or after March 29, 2009 shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a local miscellaneous member in employment on or after March 29, 2009 and not entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21354.5 of said Retirement Law (2.7% at age 55 Full).
8. The percentage of final compensation to be provided for each year of credited current service as a local miscellaneous member entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract shall be determined in accordance with Section 21353 of said Retirement Law (2% at age 60 Full).

PLEASE DO NOT SIGN "EXHIBIT ONLY"

9. The percentage of final compensation to be provided for each year of credited prior and current service as a local safety member entering membership in the safety classification on or prior to November 20, 2011 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
10. The percentage of final compensation to be provided for each year of credited current service as a local safety member entering membership for the first time in the safety classification after November 20, 2011 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).
11. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21571 (Basic Level of 1959 Survivor Benefits) for local miscellaneous members only.
 - b. Section 21222.1 (One-Time 5% Increase - 1970). Legislation repealed said Section effective January 1, 1980.
 - c. Section 21222.2 (One-Time 5% Increase - 1971). Legislation repealed said Section effective January 1, 1980.
 - d. Section 20425 ("Local Police Officer" shall include employees of a police department who were employed to perform identification or communication duties on August 4, 1972 and who elected to be local safety members).
 - e. Section 21001 (Credit for War Relocation Leave). Legislation repealed said Section effective January 1, 2002.
 - f. Section 20042 (One-Year Final Compensation) for local miscellaneous members entering membership on or prior to the effective date of this amendment to contract and those local safety members entering membership on or prior to November 20, 2011
 - g. Section 20903 (Two Years Additional Service Credit).
 - h. Section 21573 (Third Level of 1959 Survivor Benefits) for local safety members.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

- i. Section 20475 (Different Level of Benefits). Section 21363.1 (3% @ 55 Full formula) and Section 20037 (Three-Year Final Compensation) are applicable to local safety members entering membership for the first time in the safety classification after November 20, 2011.

Section 21353 (2% @ 60 Full formula) Section 20037 (Three-Year Final Compensation) are applicable to local miscellaneous members entering membership for the first time in the miscellaneous classification after the effective date of this amendment to contract.

12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on July 31, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
13. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
14. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local safety members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

- 15. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
- 16. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF MENLO PARK

BY _____
KAREN DE FRANK, CHIEF
CUSTOMER ACCOUNT SERVICES DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDENT OFFICER

Witness Date

Attest:

Clerk

ORDINANCE NO.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY
COUNCIL OF THE CITY OF MENLO PARK AND THE BOARD OF
ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MENLO PARK DOES ORDAIN
AS FOLLOWS:

SECTION 1:

That an amendment to the contract between the City Council of the City of Menlo Park and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

SECTION 2: AUTHORIZATION OF IMPLEMENTING ACTIONS

The Mayor of the City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

SECTION 3: EFFECTIVE DATES, PUBLICATION AND POSTING

This Ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of fifteen (15) days from the passage thereof shall be posted in three (3) public places within the City of Menlo Park and shall be published at least once in the Almanac, a newspaper of general circulation, published and circulated in the City of Menlo Park and thenceforth and thereafter the same shall be in full force and effect.

INTRODUCED on the thirteenth day of December, 2011.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the tenth day of January, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Kirsten Keith
Mayor

ATTEST:

Margaret S. Roberts, MMC
City Clerk



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: January 10, 2012
Staff Report #: 12-003

Agenda Item #: F-2

REGULAR BUSINESS: Consider Requests from the City of East Palo Alto and the Sierra Club Loma Prieta Chapter to Extend the Public Comment Period on the Draft Environmental Impact Report for the Facebook Campus Project Located at the Intersection of Willow Road and Bayfront Expressway

RECOMMENDATION

Staff recommends that the City Council consider the requests to extend the comment period for the Draft Environmental Impact Report (EIR) for the Facebook Campus Project and direct staff to pursue one of the following options:

1. Retain the current comment period of 47 days ending on January 23, 2012; or
2. Extend the comment period by one week to 54 days ending on January 30, 2012.

BACKGROUND

The City is currently conducting the environmental review and processing the development application for the Facebook Campus project located at the intersection of Willow Road and Bayfront Expressway. The previous staff reports, which provide more detailed background information, are available for review on the City-maintained project page accessible through the following link:

http://www.menlopark.org/projects/comdev_fb.htm

The remainder of this staff report focuses on two requests, included as Attachment A and Attachment B, to extend the comment period on the Draft EIR.

ANALYSIS

The City of Menlo Park released the Draft EIR for the Facebook Campus Project on December 8, 2011 for a 47-day review period ending on January 23, 2012. Since the release of the Draft EIR, the City has received two requests to extend the comment period. One request is from the City of East Palo Alto to extend the comment period by two weeks to February 6, 2012 (Attachment A). The second request is from the Sierra Club Loma Prieta Chapter to extend the comment period by three weeks to February 13, 2012 (Attachment B). Both requests reference the size of the project and the fact that

the review period falls over the holiday season as reason to extend the deadline for comments.

Section 15105(a) of the California Environmental Quality Act (CEQA) Guidelines states the following:

The public review period for a draft EIR shall not be less than 30 days nor should it be longer than 60 days except under unusual circumstances. When a draft EIR is submitted to the State Clearinghouse for review by state agencies, the public review period shall not be less than 45 days, unless a shorter period, not less than 30 days, is approved by the State Clearinghouse.

The Draft EIR has been submitted to the State Clearinghouse, so the current 47-day review period is consistent with CEQA. A 45-day review period is a relatively standard practice based on a sampling of local projects involving a Draft EIR over the past decade (Attachment C). Based on this sample of projects, which is not meant to be an exhaustive list of all projects, the average length of the review period was 50 days and the median was 47 days.

The length of the review period and the fact that it would occur around the holidays was reflected in the draft schedules referenced in staff reports for the City Council agendas on August 23, 2011, October 18, 2011, and November 15, 2011. An updated version of the Public Outreach and Development Agreement Process, which provides a framework to guide the overall review process, is included as Attachment D. The updates to this document, which are shown in "track changes", include potential meeting dates for Planning Commission and City Council meetings in April, May and June 2011 based on recently adopted meeting schedules of the Commission and Council.

One goal of the schedule was to receive all of the comments on the Draft EIR prior to the release of the packet for the Council Study Session on January 31, 2012 so that the Council was well informed in preparing to provide direction to staff on the parameters for negotiating the East Campus Development Agreement at the February 14, 2012 Council meeting. Given the fact that the Council has previously reviewed the schedule on three occasions, the decision as to whether to extend the review period is now a Council decision. If the Council keeps its two scheduled meetings on January 31, 2012 and February 14, 2012, it appears that an extension of the comment period could be accommodated without adversely impacting the overall project review schedule. If the Council wishes to delay either of the meetings, then this would impact the overall schedule and push the decision on the project into July 2012 or later.

Based on these two requests for extensions, staff believes that there are basically four options for the City Council to consider as follows:

1. Retain the current comment period of 47 days ending on January 23, 2012;
2. Extend the comment period by one week to 54 days ending on January 30, 2012;

3. Extend the comment period by two weeks to 61 days ending on February 6, 2012 (East Palo Alto request); or
4. Extend the comment period by three weeks to 68 days ending on February 13, 2012 (Sierra Club request).

Staff recommends that the Council consider options 1 and 2. Staff does not support option 4 given lack of “unusual circumstances” as referenced in the CEQA Guidelines and the fact that the comments would not be available for inclusion in the Council packet for the February 14, 2012 Council meeting.

IMPACT ON CITY RESOURCES

The applicant is required to pay planning permit fees, based on the City’s Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to bear the cost of the associated environmental review and the Fiscal Impact Analysis (FIA). For the environmental review and FIA, the applicant deposits money with the City and the City pays the consultants.

POLICY ISSUES

The proposed project will ultimately require the Council to consider certain land use entitlements. Staff will be identifying policy issues during the Council’s review of the project such as public benefit related to the Development Agreement. The negotiation of the Development Agreement is projected to commence after the release of the Draft EIR and Draft FIA.

ENVIRONMENTAL REVIEW

An EIR is being prepared for the project.

Rachel Grossman
Associate Planner
Report Author

Justin Murphy
Development Services Manager

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting. In addition, the City has prepared a project page for the proposal, which is available at the following address:
http://www.menlopark.org/projects/comdev_fb.htm. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated.

ATTACHMENTS

- A. [Letter from East Palo Alto, dated December 22, 2011](#)
- B. [Letter from Sierra Club Loma Prieta Chapter, dated January 3, 2012](#)
- C. [Summary of Draft EIR Comment Periods for Other Projects](#)
- D. [Draft Revisions to the Public Outreach and Development Agreement Negotiation Process for the Facebook Campus Project, dated January 10, 2012](#)

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January 11, 2012

Bonita McAlpine
(415) 773-5999
bmc Alpine@orrick.com

VIA EMAIL

Margaret Roberts, City Clerk
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Re: Facsimile Signature

Dear Margaret:

In anticipation of the issuance of the City of Menlo Park 2011 General Obligation Refunding Bonds, statutory procedures require that we file the signature of Kirsten Keith, as Mayor of the City of Menlo Park, with the Secretary of State of the State of California. Please provide two (2) original signatures of the attached facsimile certificate in accordance with the Uniform Facsimile Signature of Public Officials Act (Govt. Code §5500 et seq.). We will need to have the facsimile signature on file prior to the closing on Wednesday, January 18, 2012.

Please have the certificate executed as appropriate (before a notary) and send to Tami Gore via Federal Express for her receipt no later than Friday, January 13th, at the following address:

Tami Gore
Orrick, Herrington & Sutcliffe LLP
400 Capitol Mall, Room 3000
Sacramento, CA 95814-4497
Telephone: (916) 329-7988

Thank you for your assistance, and please do not hesitate to contact me should you have any questions.

Bonita McAlpine
Project Manager, Public Finance
Enclosures

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN MATEO)

In accordance with the Uniform Facsimile Signatures of Public Officials Act (Govt. Code §5500 et seq.), I HEREBY CERTIFY under oath my manual signature.

Manual Signature:



Title of Office:

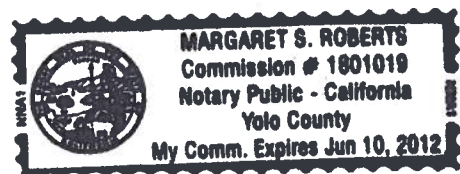
Kirsten Keith
Mayor, City of Menlo Park

Subscribed and sworn to (or affirmed) before me this 11th day of January 2012, Kirsten Keith, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



Notary Public, State of California

[SEAL]



STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN MATEO)

In accordance with the Uniform Facsimile Signatures of Public Officials Act (Govt. Code §5500 et seq.), I HEREBY CERTIFY under oath my manual signature.

Manual Signature:



Title of Office:

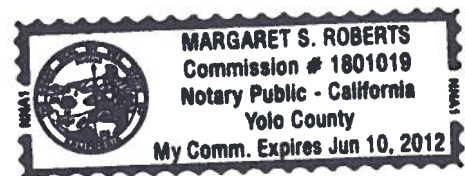
Kirsten Keith
Mayor, City of Menlo Park

Subscribed and sworn to (or affirmed) before me this 11th day of January 2012, Kirsten Keith, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



Notary Public, State of California

[SEAL]





ADMINISTRATIVE SERVICES

Council Meeting Date: January 10, 2012
Staff Report #: 12-004

Agenda Item #F3

REGULAR BUSINESS: Adopt a Resolution Authorizing the Direct Placement Refinancing of the City's 2002 Series General Obligation Bonds, and Approve the Related Legal Bond Documents

RECOMMENDATION

Staff recommends that the City Council adopt the City of Menlo Park Resolution:

- 1) Authorizing issuance and sale of not to exceed \$10,000,000 principal amount of bonds, and authorizing certain actions in connection with the issuance, sale and delivery of such bonds;
- 2) Approving the form of the Paying Agent Agreement with the Bank of New York Mellon Trust Company, N.A.;
- 3) Authorizing the execution and delivery of a Bond Purchase Contract between the City of Menlo Park and Capital One Public Funding; and
- 4) Approving the 2012 Letter of Instructions regarding the refunding of the Menlo Park General Obligation Bonds, Series 2002.

BACKGROUND

On November 6, 2001, the voters in the City of Menlo Park authorized the sale of up to thirty-eight million dollars in bonds to finance park and recreation improvements throughout the City. The first financing in this program was sold in 2002 and approximately \$11,165,000 of those bonds are still outstanding.

Early in October 2011, City staff was contacted by the Public Finance Group from Piper Jaffray, a firm which has worked with Menlo Park financings since the 1980's, regarding current favorable conditions in the marketplace for municipal bond financings. Specifically, lower overall interest rates were, on the average, 74 basis points lower than the City was currently paying on its Series 2002 bonds. This, coupled with the fact that the preponderance of the bond series could be called on August 1, 2012, provided for an excellent refunding possibility. Piper Jaffray developed cash flow models that reflected various refinancing scenarios, mindful of current interest rates, possible growth assumptions in the City's assessed valuation going forward and optimal positioning of the City for future Measure T bond issuances. A "direct placement" method of refinancing the bonds was also presented as an option that would "lock in" an interest rate commitment that would assure substantial debt service savings at a time when rate volatility can be quite high. These scenarios and structures were discussed with the Finance Committee on December 7th, and on December 13th the Council authorized the City Manager to commit to a direct placement refinancing of the 2002 Series "Measure"

General Obligation bonds if minimum NPV (net present value) savings of 7 percent could be achieved. On December 14th, Capital One Public Funding, LLC presented a letter committing to the financing at a fixed rate of 3.75 percent, with the same financing term/payment structure as the original bonds (final maturity of August 1, 2032). The commitment was made contingent on a closing date of no later than January 31, 2012.

ANALYSIS

As was noted when presented at the December 13th Council meeting, direct placement financings have become more popular as highly liquid financial institutions seek high-grade municipal investments for their portfolios. Such financings entails the sale of an entire bond issue as a single “loan” or bond to one financial institution that commits to the purchase at a fixed rate. By “locking in” an interest rate of 3.75 percent the City no longer bears the risk of bond market interest rate volatility, and the up-front financing costs are considerably lower.

Also noted were two potential disadvantages of such a financing for the City: (1) rates could decrease further after the City accepts the financing commitment, and (2) should the purchaser (Capital One Public Funding, LLC) not be able to fund their commitment, legal documents would have to be redone, and the City could be facing a market of lower potential savings for a refinancing. This “opportunity cost” is not likely, in that Capital One is fully expected to be able to honor their 45-day commitment.

The appendix to this staff report provides future cash flow schedules that outline the net present value savings derived from the direct placement refinancing of the Series 2002 General Obligation Bonds. The financing commitment from Capital One plus the funding of all necessary financing costs will result in net present value savings of approximately 9.47 percent, when compared to the existing debt service for the bonds to be refunded. At tonight’s meeting, Mark Curran from Piper Jaffrey will present an analysis of this direct placement refinancing, and will be available to answer any questions the Council may have. With the Council’s approval, bond counsel will finalize the documents, and closing will take place within the next week to ten days.

IMPACT ON CITY RESOURCES


By refinancing the Series 2002 bonds, Menlo Park will achieve approximately \$2,485,000 total savings and 9.47 percent NPV cost savings on debt service expense, allowing for a reduced property tax assessment for this purpose. There is no impact to the City’s General Fund.

POLICY ISSUES

Though savings to individual taxpayers/property owners may appear to be miniscule, the refinancing of bonded debt in order to lower debt service costs reflects prudent, responsible governance and presents no policy issues.

ENVIRONMENTAL REVIEW

Environment review is not required.


Carol Augustine, Finance Director

APPENDIX: Future Cash Flow and Calculation of Debt Service Savings from Refunding of Series 2002 General Obligation Bonds with Direct Placement Financing

ATTACHMENTS:

- A. Resolution Authorizing Issuance and Negotiated Sale of Series 2012 General Obligation Refunding Bonds
- B. Paying Agent Agreement
- C. Bond Purchase Contract
- D. 2012 Letter of Instructions Regarding Outstanding Series 2002 GO Bonds

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BOND PRICING

City of Menlo Park
2012 GO Refunding Bonds

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Installment Bond Due 2032:					
	08/01/2012	340,000.00	3.750%	3.750%	100.000
	08/01/2013	180,000.00	3.750%	3.750%	100.000
	08/01/2014	535,000.00	3.750%	3.750%	100.000
	08/01/2015	555,000.00	3.750%	3.750%	100.000
	08/01/2016	355,000.00	3.750%	3.750%	100.000
	08/01/2017	365,000.00	3.750%	3.750%	100.000
	08/01/2018	380,000.00	3.750%	3.750%	100.000
	08/01/2019	395,000.00	3.750%	3.750%	100.000
	08/01/2020	410,000.00	3.750%	3.750%	100.000
	08/01/2021	425,000.00	3.750%	3.750%	100.000
	08/01/2022	445,000.00	3.750%	3.750%	100.000
	08/01/2023	460,000.00	3.750%	3.750%	100.000
	08/01/2024	480,000.00	3.750%	3.750%	100.000
	08/01/2025	490,000.00	3.750%	3.750%	100.000
	08/01/2026	515,000.00	3.750%	3.750%	100.000
	08/01/2027	530,000.00	3.750%	3.750%	100.000
	08/01/2028	550,000.00	3.750%	3.750%	100.000
	08/01/2029	570,000.00	3.750%	3.750%	100.000
	08/01/2030	595,000.00	3.750%	3.750%	100.000
	08/01/2031	615,000.00	3.750%	3.750%	100.000
	08/01/2032	640,000.00	3.750%	3.750%	100.000
		9,830,000.00			

Dated Date	01/18/2012		
Delivery Date	01/18/2012		
First Coupon	02/01/2012		
Par Amount	9,830,000.00		
Original Issue Discount			
Production	9,830,000.00	100.000000%	
Underwriter's Discount	-73,725.00	-0.750000%	
Purchase Price	9,756,275.00	99.250000%	
Accrued Interest			
Net Proceeds	9,756,275.00		

SOURCES AND USES OF FUNDS

City of Menlo Park
2012 GO Refunding Bonds

Sources:

Bond Proceeds:	
Par Amount	9,830,000.00
Other Sources of Funds:	
Reserve Fund	1,460,000.00
	11,290,000.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	269,568.25
SLGS Purchases	10,896,899.00
	11,166,467.25
Cost of Issuance:	
Bond Counsel	40,000.00
Verification Agent	2,500.00
Paying Agent	1,500.00
CDIAC	1,474.50
CUSIP	150.00
Statistical Data	1,500.00
Miscellaneous	1,500.00
	48,624.50
Underwriter's Discount:	
Placement Agent	73,725.00
Other Uses of Funds:	
Additional Proceeds	1,183.25
	11,290,000.00

SAVINGS

City of Menlo Park
2012 GO Refunding Bonds

Date	Prior Debt Service	Refunding Debt Service	Savings @	Present Value to 01/18/2012 3.7501307%
08/01/2012	539,135.00	537,623.96	1,511.04	6,191.45
08/01/2013	539,135.00	535,875.00	3,260.00	4,701.96
08/01/2014	884,135.00	884,125.00	10.00	1,630.32
08/01/2015	888,610.00	884,062.50	4,547.50	5,587.02
08/01/2016	886,820.00	663,250.00	223,570.00	190,467.61
08/01/2017	884,340.00	659,937.50	224,402.50	184,166.73
08/01/2018	885,775.00	661,250.00	224,525.00	177,509.96
08/01/2019	885,855.00	662,000.00	223,855.00	170,489.21
08/01/2020	884,540.00	662,187.50	222,352.50	163,132.53
08/01/2021	886,790.00	661,812.50	224,977.50	158,976.05
08/01/2022	887,790.00	665,875.00	221,915.00	151,056.26
08/01/2023	886,277.50	664,187.50	222,090.00	145,600.89
08/01/2024	888,452.50	666,937.50	221,515.00	139,867.36
08/01/2025	884,052.50	658,937.50	225,115.00	136,878.58
08/01/2026	888,340.00	665,562.50	222,777.50	130,456.83
08/01/2027	885,790.00	661,250.00	224,540.00	126,618.64
08/01/2028	886,665.00	661,375.00	225,290.00	122,334.03
08/01/2029	885,360.00	660,750.00	224,610.00	117,441.15
08/01/2030	887,200.00	664,375.00	222,825.00	112,182.28
08/01/2031	886,920.00	662,062.50	224,857.50	108,992.77
08/01/2032	884,520.00	664,000.00	220,520.00	102,910.60
	17,916,502.50	14,107,436.46	3,809,066.04	2,457,192.22

Savings Summary

PV of savings from cash flow	2,457,192.22
Less: Prior funds on hand	-1,460,000.00
Plus: Refunding funds on hand	1,183.25
Net PV Savings	998,375.47

SUMMARY OF REFUNDING RESULTS

City of Menlo Park
2012 GO Refunding Bonds

Dated Date	01/18/2012
Delivery Date	01/18/2012
Arbitrage yield	3.750131%
Escrow yield	0.049944%
Bond Par Amount	9,830,000.00
True Interest Cost	3.834966%
Net Interest Cost	3.814634%
Average Coupon	3.750000%
Average Life	11.604
Par amount of refunded bonds	10,525,000.00
Average coupon of refunded bonds	5.215270%
Average life of refunded bonds	13.010
PV of prior debt to 01/18/2012 @ 3.750131%	12,287,192.22
Net PV Savings	998,375.47
Percentage savings of refunded bonds	9.485753%
Percentage savings of refunding bonds	10.156414%

AGGREGATE DEBT SERVICE

City of Menlo Park
2012 GO Refunding Bonds

Period Ending	2012 GO Refunding Bonds Principal	2012 GO Refunding Bonds Interest	2009 GO Bonds Principal	2009 GO Bonds Interest	Unrefunded Bonds Principal	Unrefunded Bonds Interest	Aggregate Principal	Aggregate Interest	Aggregate Debt Service
08/01/2012	340,000.00	197,623.96	60,000.00	475,644.92	310,000.00	36,800.00	710,000.00	710,068.88	1,420,068.88
08/01/2013	180,000.00	355,875.00	60,000.00	472,644.92	330,000.00	18,975.00	570,000.00	847,494.92	1,417,494.92
08/01/2014	535,000.00	349,125.00	65,000.00	469,644.92			600,000.00	818,769.92	1,418,769.92
08/01/2015	555,000.00	329,062.50	65,000.00	466,394.92			620,000.00	795,457.42	1,415,457.42
08/01/2016	355,000.00	308,250.00	70,000.00	463,144.92			425,000.00	771,394.92	1,196,394.92
08/01/2017	365,000.00	294,937.50	75,000.00	459,644.92			440,000.00	754,582.42	1,194,582.42
08/01/2018	380,000.00	281,250.00	75,000.00	455,894.92			455,000.00	737,144.92	1,192,144.92
08/01/2019	395,000.00	267,000.00	80,000.00	452,144.92			475,000.00	719,144.92	1,194,144.92
08/01/2020	410,000.00	252,187.50	85,000.00	448,144.92			495,000.00	700,332.42	1,195,332.42
08/01/2021	425,000.00	236,812.50	90,000.00	443,894.92			515,000.00	680,707.42	1,195,707.42
08/01/2022	445,000.00	220,875.00	90,000.00	439,394.92			535,000.00	660,269.92	1,195,269.92
08/01/2023	460,000.00	204,187.50	100,000.00	434,894.92			560,000.00	639,082.42	1,199,082.42
08/01/2024	480,000.00	186,937.50	100,000.00	429,894.92			580,000.00	616,832.42	1,196,832.42
08/01/2025	490,000.00	168,937.50	110,000.00	424,894.92			600,000.00	593,832.42	1,193,832.42
08/01/2026	515,000.00	150,562.50	110,000.00	420,018.62			625,000.00	570,581.12	1,195,581.12
08/01/2027	530,000.00	131,250.00	120,000.00	415,142.50			650,000.00	546,392.50	1,196,392.50
08/01/2028	550,000.00	111,375.00	1,250,000.00	409,822.72			1,800,000.00	521,197.72	1,196,197.72
08/01/2029	570,000.00	90,750.00	130,000.00	404,281.48			700,000.00	495,031.48	1,195,031.48
08/01/2030	595,000.00	69,375.00	135,000.00	398,518.58			730,000.00	467,893.58	1,197,893.58
08/01/2031	615,000.00	47,062.50	140,000.00	392,490.16			755,000.00	439,552.66	1,194,552.66
08/01/2032	640,000.00	24,000.00	150,000.00	386,238.46			790,000.00	410,238.46	1,200,238.46
08/01/2033			1,040,000.00	379,540.20			1,040,000.00	379,540.20	1,419,540.20
08/01/2034			1,085,000.00	333,099.00			1,085,000.00	333,099.00	1,418,099.00
08/01/2035			1,135,000.00	283,590.46			1,135,000.00	283,590.46	1,418,590.46
08/01/2036			1,185,000.00	231,800.40			1,185,000.00	231,800.40	1,416,800.40
08/01/2037			1,240,000.00	177,728.86			1,240,000.00	177,728.86	1,417,728.86
08/01/2038			1,300,000.00	121,147.66			1,300,000.00	121,147.66	1,421,147.66
08/01/2039			1,355,000.00	61,828.66			1,355,000.00	61,828.66	1,416,828.66
	9,830,000.00	4,277,436.46	11,500,000.00	10,751,526.64	640,000.00	55,775.00	21,970,000.00	15,084,738.10	35,929,738.10

BOND DEBT SERVICE

City of Menlo Park
2012 GO Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2012	340,000.00	3.750%	197,623.96	537,623.96
08/01/2013	180,000.00	3.750%	355,875.00	535,875.00
08/01/2014	535,000.00	3.750%	349,125.00	884,125.00
08/01/2015	555,000.00	3.750%	329,062.50	884,062.50
08/01/2016	355,000.00	3.750%	308,250.00	663,250.00
08/01/2017	365,000.00	3.750%	294,937.50	659,937.50
08/01/2018	380,000.00	3.750%	281,250.00	661,250.00
08/01/2019	395,000.00	3.750%	267,000.00	662,000.00
08/01/2020	410,000.00	3.750%	252,187.50	662,187.50
08/01/2021	425,000.00	3.750%	236,812.50	661,812.50
08/01/2022	445,000.00	3.750%	220,875.00	665,875.00
08/01/2023	460,000.00	3.750%	204,187.50	664,187.50
08/01/2024	480,000.00	3.750%	186,937.50	666,937.50
08/01/2025	490,000.00	3.750%	168,937.50	658,937.50
08/01/2026	515,000.00	3.750%	150,562.50	665,562.50
08/01/2027	530,000.00	3.750%	131,250.00	661,250.00
08/01/2028	550,000.00	3.750%	111,375.00	661,375.00
08/01/2029	570,000.00	3.750%	90,750.00	660,750.00
08/01/2030	595,000.00	3.750%	69,375.00	664,375.00
08/01/2031	615,000.00	3.750%	47,062.50	662,062.50
08/01/2032	640,000.00	3.750%	24,000.00	664,000.00
	9,830,000.00		4,277,436.46	14,107,436.46

PRIOR BOND DEBT SERVICE

City of Menlo Park
2012 GO Refunding Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2012			539,135.00	539,135.00
08/01/2013			539,135.00	539,135.00
08/01/2014	345,000.00	4.500%	539,135.00	884,135.00
08/01/2015	365,000.00	4.600%	523,610.00	888,610.00
08/01/2016	380,000.00	4.600%	506,820.00	886,820.00
08/01/2017	395,000.00	4.700%	489,340.00	884,340.00
08/01/2018	415,000.00	4.800%	470,775.00	885,775.00
08/01/2019	435,000.00	4.900%	450,855.00	885,855.00
08/01/2020	455,000.00	5.000%	429,540.00	884,540.00
08/01/2021	480,000.00	5.000%	406,790.00	886,790.00
08/01/2022	505,000.00	5.250%	382,790.00	887,790.00
08/01/2023	530,000.00	5.250%	356,277.50	886,277.50
08/01/2024	560,000.00	5.250%	328,452.50	888,452.50
08/01/2025	585,000.00	5.250%	299,052.50	884,052.50
08/01/2026	620,000.00	5.250%	268,340.00	888,340.00
08/01/2027	650,000.00	5.250%	235,790.00	885,790.00
08/01/2028	685,000.00	5.300%	201,665.00	886,665.00
08/01/2029	720,000.00	5.300%	165,360.00	885,360.00
08/01/2030	760,000.00	5.300%	127,200.00	887,200.00
08/01/2031	800,000.00	5.300%	86,920.00	886,920.00
08/01/2032	840,000.00	5.300%	44,520.00	884,520.00
	10,525,000.00		7,391,502.50	17,916,502.50

UNREFUNDED BOND DEBT SERVICE

City of Menlo Park
2012 GO Refunding Bonds

Election of 1995, Series 2002 General Obligation Bonds (2002GO)

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2012	310,000.00	5.750%	36,800.00	346,800.00
08/01/2013	330,000.00	5.750%	18,975.00	348,975.00
	640,000.00		55,775.00	695,775.00

BOND SUMMARY STATISTICS

City of Menlo Park
2012 GO Refunding Bonds

Dated Date	01/18/2012
Delivery Date	01/18/2012
Last Maturity	08/01/2032
Arbitrage Yield	3.750131%
True Interest Cost (TIC)	3.834966%
Net Interest Cost (NIC)	3.814634%
All-In TIC	3.891442%
Average Coupon	3.750000%
Average Life (years)	11.604
Duration of Issue (years)	9.028
Par Amount	9,830,000.00
Bond Proceeds	9,830,000.00
Total Interest	4,277,436.46
Net Interest	4,351,161.46
Total Debt Service	14,107,436.46
Maximum Annual Debt Service	884,125.00
Average Annual Debt Service	686,957.54
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.500000
Total Underwriter's Discount	7.500000
Bid Price	99.250000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date
Installment Bond Due 2032	9,830,000.00	100.000	3.750%	11.604	08/26/2023
	9,830,000.00			11.604	

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,830,000.00	9,830,000.00	9,830,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-73,725.00	-73,725.00	
- Cost of Issuance Expense		-48,624.50	
- Other Amounts			
Target Value	9,756,275.00	9,707,650.50	9,830,000.00
Target Date	01/18/2012	01/18/2012	01/18/2012
Yield	3.834966%	3.891442%	3.750131%

 ESCROW DESCRIPTIONS DETAIL

 City of Menlo Park
 2012 GO Refunding Bonds

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Global Proceeds Escrow, Jan 18, 2012:						
SLGS	Certificate	08/01/2012	08/01/2012	10,896,899.00	0.050%	0.050%
				10,896,899.00		

SLGS Summary

SLGS Rates File	04JAN12
Total Certificates of Indebtedness	10,896,899.00

ESCROW CASH FLOW

City of Menlo Park
2012 GO Refunding Bonds

Date	Principal	Interest	Net Escrow Receipts	Present Value to 01/18/2012 @ 0.0499444%
08/01/2012	10,896,899.00	2,917.75	10,899,816.75	10,896,899.00
	10,896,899.00	2,917.75	10,899,816.75	10,896,899.00

Escrow Cost Summary

Purchase date	01/18/2012
Purchase cost of securities	10,896,899.00
Target for yield calculation	10,896,899.00

ESCROW STATISTICS

City of Menlo Park
2012 GO Refunding Bonds

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:						
11,166,467.25	0.536	0.049944%	0.049944%	10,954,061.35	212,044.45	361.45
11,166,467.25				10,954,061.35	212,044.45	361.45

Delivery date 01/18/2012
Arbitrage yield 3.750131%

ESCROW SUFFICIENCY

City of Menlo Park
2012 GO Refunding Bonds

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
01/18/2012		269,568.25	269,568.25	269,568.25
02/01/2012	269,567.50		-269,567.50	0.75
08/01/2012	10,899,817.50	10,899,816.75	-0.75	
	11,169,385.00	11,169,385.00	0.00	

FORM 8038 STATISTICS

City of Menlo Park
2012 GO Refunding BondsDated Date 01/18/2012
Delivery Date 01/18/2012

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Installment Bond Due 2032:						
	08/01/2012	340,000.00	3.750%	100.000	340,000.00	340,000.00
	08/01/2013	180,000.00	3.750%	100.000	180,000.00	180,000.00
	08/01/2014	535,000.00	3.750%	100.000	535,000.00	535,000.00
	08/01/2015	555,000.00	3.750%	100.000	555,000.00	555,000.00
	08/01/2016	355,000.00	3.750%	100.000	355,000.00	355,000.00
	08/01/2017	365,000.00	3.750%	100.000	365,000.00	365,000.00
	08/01/2018	380,000.00	3.750%	100.000	380,000.00	380,000.00
	08/01/2019	395,000.00	3.750%	100.000	395,000.00	395,000.00
	08/01/2020	410,000.00	3.750%	100.000	410,000.00	410,000.00
	08/01/2021	425,000.00	3.750%	100.000	425,000.00	425,000.00
	08/01/2022	445,000.00	3.750%	100.000	445,000.00	445,000.00
	08/01/2023	460,000.00	3.750%	100.000	460,000.00	460,000.00
	08/01/2024	480,000.00	3.750%	100.000	480,000.00	480,000.00
	08/01/2025	490,000.00	3.750%	100.000	490,000.00	490,000.00
	08/01/2026	515,000.00	3.750%	100.000	515,000.00	515,000.00
	08/01/2027	530,000.00	3.750%	100.000	530,000.00	530,000.00
	08/01/2028	550,000.00	3.750%	100.000	550,000.00	550,000.00
	08/01/2029	570,000.00	3.750%	100.000	570,000.00	570,000.00
	08/01/2030	595,000.00	3.750%	100.000	595,000.00	595,000.00
	08/01/2031	615,000.00	3.750%	100.000	615,000.00	615,000.00
	08/01/2032	640,000.00	3.750%	100.000	640,000.00	640,000.00
		9,830,000.00			9,830,000.00	9,830,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2032	3.750%	640,000.00	640,000.00		
Entire Issue			9,830,000.00	9,830,000.00	11.6038	3.7501%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	122,349.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	11,166,467.25
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	13.0184

FORM 8038 STATISTICS

City of Menlo Park
2012 GO Refunding Bonds

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Election of 1995, Series 2002 General Obligation Bonds:					
SERIAL2	08/01/2014	345,000.00	4.500%	100.000	345,000.00
SERIAL2	08/01/2015	365,000.00	4.600%	100.000	365,000.00
SERIAL2	08/01/2016	380,000.00	4.600%	98.965	376,067.00
SERIAL2	08/01/2017	395,000.00	4.700%	98.922	390,741.90
SERIAL2	08/01/2018	415,000.00	4.800%	99.436	412,659.40
SERIAL2	08/01/2019	435,000.00	4.900%	99.417	432,463.95
TERM1	08/01/2020	455,000.00	5.000%	100.219	455,996.45
TERM1	08/01/2021	480,000.00	5.000%	100.219	481,051.20
TERM2	08/01/2022	505,000.00	5.250%	100.000	505,000.00
TERM2	08/01/2023	530,000.00	5.250%	100.000	530,000.00
TERM2	08/01/2024	560,000.00	5.250%	100.000	560,000.00
TERM2	08/01/2025	585,000.00	5.250%	100.000	585,000.00
TERM2	08/01/2026	620,000.00	5.250%	100.000	620,000.00
TERM2	08/01/2027	650,000.00	5.250%	100.000	650,000.00
TERM3	08/01/2028	685,000.00	5.300%	100.000	685,000.00
TERM3	08/01/2029	720,000.00	5.300%	100.000	720,000.00
TERM3	08/01/2030	760,000.00	5.300%	100.000	760,000.00
TERM3	08/01/2031	800,000.00	5.300%	100.000	800,000.00
TERM3	08/01/2032	840,000.00	5.300%	100.000	840,000.00
				10,525,000.00	10,513,979.90

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Election of 1995, Series 2002 General Obligation Bonds	08/01/2012	05/14/2002	13.0184
All Refunded Issues	08/01/2012		13.0184

RESOLUTION NO.**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROVING THE ISSUANCE AND SALE OF NOT TO EXCEED \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING BONDS OF THE CITY BY PRIVATE PLACEMENT; AND APPROVING FORMS OF DOCUMENTS AND OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH**

WHEREAS, the City Council (the "City Council") of the City of Menlo Park (the "City"), located in the County of San Mateo (the "County"), California, duly called an election and an election was regularly held in the City on November 6, 2001, at which the following proposition was submitted to the electors of the City:

"To renovate and expand the City's parks and recreation facilities, shall the City of Menlo Park be authorized to issue \$38,000,000 in General Obligation Bonds phased over several years for the construction, acquisition, and improvement of such facilities and all costs incident thereto; provided, that at the time any bond is issued, the highest tax rate required to service all bonds authorized by this measure and issued shall not be in excess of \$14 per \$100,000 in assessed valuation?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, on May 14, 2002, \$13,245,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2002" (the "Series 2002 Bonds") were issued and sold; and

WHEREAS, on June 30, 2009, \$1,080,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2009A" (the "Series 2009A Bonds") were issued and sold; and

WHEREAS, on June 30, 2009, \$9,360,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2009B (Federally Taxable Build America Bonds)" were issued and sold; and

WHEREAS, the City Council has further determined, and does hereby declare, that it is necessary and desirable and that the prudent management of the fiscal affairs of the City requires that a portion of the Series 2002 Bonds now be refunded (which portion is referred to herein as the "2002 Prior Bonds"); and

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law (the "Refunding Law"), the City

is authorized to issue refunding bonds to refund all or a portion of the City's outstanding Series 2002 Bonds, and to sell refunding bonds at public sale or on a negotiated sale basis; and

WHEREAS, in connection with such refunding, the City Council also deems it desirable to defease and cause to be redeemed prior to their maturity certain of the Series 2002 Bonds by depositing with an escrow agent in trust for the owners of such bonds until such bonds are paid and redeemed certain funds of the City lawfully available and intended for the payment of the Series 2002 Bonds; and

WHEREAS, it is anticipated that the redemption of the Series 2002 Bonds to be refunded and defeased will occur on August 1, 2012 (or such other date as shall be determined by the City Manager); and

WHEREAS, the City Council acknowledges that the issuance of the Bonds to refinance any of the Series 2002 Bonds more than 90 days in advance of the date of redemption thereof shall preclude any advance refunding of the Bonds consisting of refunding bonds issued hereunder; and

WHEREAS, in order to accomplish such financing and refunding, the City Council deems that it is desirable to issue one or more series of bonds designated "City of Menlo Park 2012 General Obligation Refunding Bonds" (the "Bonds") in an aggregate principal amount not exceeding \$10,000,000, according to the terms and in the manner as set forth in the Paying Agent Agreement (the "Paying Agent Agreement") by and between the City and The Bank of New York Mellon Trust Company, N.A., as Paying Agent (the "Paying Agent"); and

WHEREAS, the City Council deems it necessary and desirable to authorize and sell the Bonds by private placement to Capital One Public Funding, LLC (the "Purchaser"), all pursuant to a bond purchase agreement; and

WHEREAS, the City Council deems it necessary and advisable to appoint Piper Jaffray & Co., as placement agent (the "Placement Agent"), pursuant to a placement agent agreement (the "Placement Agent Agreement"); and

WHEREAS, there have been submitted and are on file with the City Clerk proposed forms of a Paying Agent Agreement, and a Bond Purchase Contract, with respect to not to exceed \$10,000,000 aggregate principal amount of the Bonds proposed to be sold, and a form of Letter of Escrow Instructions with respect to the 2002 Prior Bonds; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the City of Menlo Park as follows:

Section 1. Recitals. The foregoing recitals are true and correct, and this City Council so finds and determines.

Section 2. Authorization of Issue and Redemption of Series 2002 Bonds. This City Council hereby authorizes the sale on January 18, 2012 (or on such other date as shall be determined by the City Manager of the City (the "City Manager"), so long as such date is not later than December 31, 2012), and issuance of not to exceed \$10,000,000 aggregate principal amount of general obligation bonds of the City, which amount shall be determined by the City Manager or the Finance Director of the City or the designee thereof (each an "Authorized City Representative") in accordance with the provisions of Section 5 hereof and with the general laws of the State of California, and designates said bonds to be sold as the "City of Menlo Park General Obligation Refunding Bonds" (the "Bonds"), with such additional designation as may be necessary to indicate the year in which the bonds are issued.

Proceeds from the sale of the Bonds consisting of refunding bonds are hereby authorized to be applied to acquire escrow securities or otherwise to pay or provide for payment of such interest and principal as may be due on the 2002 Prior Bonds upon such refunding, and to pay all costs of issuing such refunding bonds, including, without limitation, all expenses incident to the calling, retiring or paying of the 2002 Prior Bonds and to the issuance of such refunding bonds, the charges of any escrow agent or paying agent for the 2002 Prior Bonds or such refunding bonds, the costs of any insurance or other credit enhancement with respect to such refunding bonds, interest on the 2002 Prior Bonds from the date of sale of such refunding bonds to the date of redemption of the 2002 Prior Bonds, and the amount of any premium required to be paid to redeem any of the 2002 Prior Bonds. The City Council hereby further determines that all interest or other gain derived from the investment of proceeds of such refunding bonds may be applied to pay such costs of issuance of such refunding bonds.

Section 3. Terms of Bonds: (a) Date of Bonds. The Bonds shall be dated as of the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract described in Section 5 hereof.

(b) Denominations. The Bonds shall be issued in denominations of \$100,000 principal amount or any amount in increments of \$5,000 thereabove.

(c) Maturity. The Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amounts as shall be set forth in the Bond Purchase Contract. No Bond shall mature prior to August 1, 2012, and no Bond shall mature later than August 1, 2032; provided, however, that no Bond consisting of refunding bonds shall mature later than the latest maturity date of the 2002 Prior Bonds being refunded. No Bond shall have principal maturing on more than one principal maturity date.

(d) Interest Payment. The Bonds shall bear interest computed on the basis of a 360-day year of twelve 30-day months, first payable on February 1, 2012, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract).

(e) Redemption Provisions. The Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the City as set forth in the Bond Purchase Contract and in the Bonds. The Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Bond Purchase Contract and in the Bonds. The Bond Purchase Contract may provide that the Bonds shall not be subject to optional or mandatory sinking fund redemption.

Section 4. Paying Agent Agreement: The form of the Paying Agent Agreement on file with the City Clerk of the City and incorporated into this Resolution by reference, is hereby approved. The Authorized City Representatives are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Paying Agent Agreement in substantially said form, with such changes therein as the Authorized City Representative executing the same, in consultation with the City's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The place of payment of both principal of and interest on the Bonds and the form of the Bonds, shall be as specified in the Paying Agent Agreement, as finally executed.

Section 5. Bond Purchase Contract; Sale of Bonds: The form of Bond Purchase Contract (the "Bond Purchase Contract"), on file with the City Clerk of the City and incorporated into this Resolution by reference, is hereby approved. The Authorized City Representatives are each hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as the Authorized City Representative executing the same, in consultation with the City's counsel, may require or approve; provided, that (i) the maximum stated interest rate on the Bonds shall not be in excess of 12.00% per annum; (ii) the total net interest cost to maturity on the Bonds consisting of refunding bonds plus the principal amount of the Bonds consisting of refunding bonds shall be less than the total net interest cost to maturity on the 2002 Prior Bonds plus the principal amount of the 2002 Prior Bonds, (iii) the present value of the debt service savings shall be at least 2.50% of the principal amount of the bonds to be refunded; (iv) the Placement Agent shall not be paid more than 0.75% of the aggregate principal amount of the Bonds; and (v) the Bonds shall otherwise conform to the limitations specified herein and imposed by the general laws of the State of California; and provided further, that such execution and approval shall constitute conclusive evidence of the approval by the City of any changes or revisions therein from the form of Bond Purchase Contract filed herewith.

Section 6. Letter of Escrow Instructions: The form of the Letter of Escrow Instructions, from the City to The Bank of New York Mellon Trust Company, N.A. (or such other Escrow Agent as the Authorized City Representative may designate), acting as the Escrow Agent with respect to the Series 2002 Bonds which the City determines to

refund and defease and cause to be redeemed prior to maturity (the "Letter of Escrow Instructions"), on file with the City Clerk of the City and incorporated into this Resolution by reference, is hereby approved. The Authorized City Representatives are each hereby authorized and directed, for and in the name and on behalf of the City, in accordance with this Resolution and the resolution providing for the issuance of the Series 2002 Bonds and the 2002 Paying Agent Agreement, to execute and deliver the Letter of Escrow Instructions in substantially said form, with such changes therein as the Authorized City Representative executing the same, in consultation with the City's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The City Manager and the Finance Director of the City are hereby directed to take any and all actions as may be necessary and authorized, pursuant to the resolution providing for the issuance of the Series 2002 Bonds, the 2002 Paying Agent Agreement, the Refunding Law and the investment policy of the City, to purchase escrow securities for deposit in the escrow fund created under the Letter of Escrow Instructions from the proceeds of the Bonds consisting of refunding bonds and moneys on deposit in the Election of 2001 General Obligation Bond Interest and Sinking Fund in the treasury of the City and legally required to be used for the payment of said Series 2002 Bonds.

Section 7. Placement Agent: Piper Jaffray & Co is hereby appointed Placement Agent for the Bonds. The Authorized City Representatives are each hereby authorized and directed, for and in the name and on behalf of the City, to approve, in consultation with the City's counsel, execute and deliver a Placement Agent Agreement, such approval to be conclusively evidenced by the execution and delivery thereof, provided that the fee specified in such agreement does not exceed the amount set forth in Section 5 hereof.

Section 8. General Obligation Bonds; Levy of Taxes: The money for the redemption of the Bonds and payment of principal of and interest on the Bonds shall be raised by taxation upon all taxable property in the City and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such redemption and payment out of the fund created for that purpose under the Paying Agent Agreement in accordance with Section 43632 of the California Government Code.

The City Manager is hereby authorized and directed to cause a tax to be levied on all taxable property of the City at a rate which shall be in each year sufficient to pay the interest on and principal of the Bonds coming due in that year and to provide a sinking fund for future redemption of Bonds, and said taxes shall be transferred to the Paying Agent for deposit into the fund created under the Paying Agent Agreement at the times required thereby for payment of the Bonds; provided that at no time in any single fiscal year shall a tax be levied to pay the principal of and interest and redemption premium, if any, on both the Bonds and the Series 2002 Bonds to be refunded and defeased, and the City Manager is hereby authorized and directed to cause the levy of the property tax for payment of the Series 2002 Bonds to be refunded and defeased to be discontinued.

Section 9. Notice of Redemption of Series 2002 Bonds: The City Manager is hereby authorized and directed to give or cause to be given notice of redemption of the Series 2002 Bonds to be refunded and defeased, pursuant to the terms of the resolution providing for the issuance of the Series 2002 Bonds and the Letter of Escrow Instructions.

Section 10. Notices to State Debt Commission: The Authorized City Representatives (as defined in Section 2 hereof) are each hereby authorized and directed to cause notices of the proposed sale and final sale of the Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8856.

Section 11. Further Authorization: The officers of the City, including the Mayor, the City Manager, the Finance Director, the City Clerk, and other officers and employees of the City, are hereby authorized and directed, jointly and severally, to do any and all things and execute and deliver any and all documents and enter into any and all agreements, including letters of representation and tax certificates, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution, including as may be necessary to arrange for bond insurance with respect to the Bonds. All such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 13. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED at a regular meeting of the Menlo Park City Council on the tenth day of January 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park on this tenth day of January 2012.

Margaret S. Roberts, MMC
City Clerk

CITY CLERK'S CERTIFICATE

I undersigned, City Clerk of the City of Menlo Park, do hereby certify as follows:

The following resolution is a full, true and correct copy of a resolution duly adopted by a vote of a majority of the members of the City Council of the City of Menlo Park at a regular meeting of said City duly and regularly and legally held in the City of Menlo Park, California, on January 10, 2012, of which all of such members had due notice, as follows:

AYES:

NOES:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at 701 Laurel Avenue, Menlo Park, California, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: _____, 2012.

Margaret Roberts, MMC
City Clerk of the
City of Menlo Park

[Seal]

PAYING AGENT AGREEMENT

by and between the

CITY OF MENLO PARK
SAN MATEO COUNTY, CALIFORNIA,

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Paying Agent

Dated as of January 1, 2012

Relating to the

[\$[PAR]]
CITY OF MENLO PARK
2012 GENERAL OBLIGATION REFUNDING BONDS

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PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, made and entered into as of January 1, 2012, by and between THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national association organized and existing under the laws of the United States of America, as paying agent (the "Paying Agent"), and the CITY OF MENLO PARK, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of California (the "City"),

WITNESSETH:

WHEREAS, the Council has determined, by its Resolution No. 5330, adopted on July 31, 2001, that the public interest and necessity demand the improvement of certain parks and recreation facilities within the City, and that the cost of these improvements will require an expenditure greater than the amount allowed therefor by annual tax levy;

WHEREAS, by Ordinance No. 909 adopted by the City Council on August 7, 2001, the City Council called a Municipal Bond Election on November 6, 2001 for the purpose of submitting to the qualified electors of the City the measure of whether bonded indebtedness of the City in the amount of \$38,000,000 should be incurred to finance certain parks and recreation improvements;

WHEREAS, said election was conducted by the County of San Mateo in consolidation with its other elections on November 6, 2001, and was passed with more than two-thirds of the voters voting in favor of said measure;

WHEREAS, the City Council adopted its Resolution No. 5357 on December 11, 2001, declaring the results of said election;

WHEREAS, on May 14, 2002, \$13,245,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2002" (the "Prior Bonds") were issued and sold;

WHEREAS, on July 1, 2009, \$1,080,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2009A" and \$9,360,000 aggregate principal amount of said bonds, designated "City of Menlo Park General Obligation Bonds, Series 2009B (Federally Taxable Build America Bonds) were issued and sold;

WHEREAS, the City Council has further determined and declared it necessary and desirable and that the prudent management of the fiscal affairs of the City requires that a portion of the Prior Bonds now be refunded and has deemed it desirable to defease and cause to be redeemed prior to their maturity the remaining portion of the Prior Bonds;

WHEREAS, pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law (the "Refunding Law"), the City is authorized to issue refunding bonds to refund all or a portion of the City's outstanding Prior Bonds;

WHEREAS, the City Council has adopted its Resolution No. ____ on _____, 2012, authorizing the issuance of the City of Menlo Park 2012 General Obligation Refunding Bonds (the “Bonds”) in the principal amount not to exceed \$10,000,000 in order to provide funds to refinance a portion of the Prior Bonds, and to pay the costs of issuance for the Bonds, and authorizing the depositing of certain *ad valorem* taxes collected and held by the City in an escrow to defease and cause to be redeemed prior to their maturity the remaining portion of the Prior Bonds; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement;

NOW, THEREFORE, in order to provide for the terms and the payment of the Bonds and the performance and observance by the City of all the covenants, agreements and conditions herein and in the Bonds contained, and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration, the City and the Paying Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Authorized City Representative” shall mean the City Manager, the Mayor, the Finance Director, or any other officer of the City designated by the Council, or any duly appointed deputy of any of them.

“Bondowner”, “Bondholder”, “Holder” or “Owner” shall mean the person in whose name any Bond shall be registered.

“Bonds” shall mean the City of Menlo Park 2012 General Obligation Refunding Bonds.

“Business Day” shall mean any day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in San Francisco or Los Angeles, California, or New York, New York, or any state in which the Principal Corporate Trust Office of the Paying Agent is located, are authorized or required by law to close, or any day on which the New York Stock Exchange is closed.

“Certificate of the City”. See “Request of the City” defined herein.

“City” shall mean the City of Menlo Park, County of San Mateo, State of California.

“City Manager” shall mean the City Manager of the City.

“Clerk” shall meant the City Clerk of the City.

“Code” shall mean the Internal Revenue Code of 1986, as the same shall be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate relating to the Bonds executed and delivered by the City dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to City and related to the authorization, issuance, sale and delivery of the Bonds or the defeasance and redemption of the Prior Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent or Escrow Agent, placement agent fees, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and expenses related to any credit enhancement (including without limitation bond insurance) for the Bonds, fees and expenses with respect to the conduct of the election and other proceedings authorizing the issuance of the Bonds, fees and charges for preparation, execution and safekeeping of the Bonds, interest on the Prior Bonds from the date of sale of such bonds to the date of redemption of the Prior Bonds, the amount of any premium required to be paid to redeem any of the Prior Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds or the defeasance and redemption of the Prior Bonds.

“Costs of Issuance Account” shall mean the account created pursuant to Section 3.02 hereof.

“Council” shall mean the City Council of the City.

“Debt Service Fund” shall mean the Debt Service Fund created pursuant to Section 3.02(b) hereof.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement.

“Escrow Agreement” means that certain 2012 Letter of Instructions Regarding Outstanding City of Menlo Park General Obligation Bonds, Series 2002, dated January 1, 2012, by and between the City and the Escrow Agent.

“Finance Director” shall mean the Finance Director of the City.

“Holder” See “Bondowner” defined herein.

“Interest Payment Date” shall mean February 1 or August 1 of each year, as specified in Section 2.01 hereof.

“Opinion of Counsel” shall mean a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the City.

“Original Purchaser” means Capital One Public Funding, LLC.

“Owner.” See “Bondowner” defined herein.

“Paying Agent” shall mean The Bank of New York Mellon Trust Company, N.A., acting as paying agent, registrar, and transfer agent with respect to the Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 6.02 hereof.

“Principal Corporate Trust Office” shall mean the corporate trust office of the Paying Agent in San Francisco, California; provided, however, that in any case “Principal Corporate Trust Office” shall mean any other office of the Paying Agent designated for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

“Principal Payment Date” shall mean August 1 of each year specified in Section 2.01 hereof.

“Prior Bonds” shall mean the City of Menlo Park General Obligation Bonds, Series 2002.

“Record Date” shall mean the 1st day of the month in which an Interest Payment Date occurs, whether or not such day is a Business Day.

“Redemption Fund” shall mean the fund of that name created pursuant to Section 4.03 hereof.

“Redemption Date” shall mean the date on which the Bonds or any of them are called for redemption, as provided in Article IV hereof.

“Request of the City” or “Certificate of the City” shall mean a written request or written certificate, respectively, authorized and signed by an Authorized City Representative.

“Sinking Fund Account” shall mean the Account established in the Redemption Fund pursuant to Section 4.03 hereof.

“Sinking Fund Payments” shall mean the payments required to be deposited in the Sinking Fund Account for the payment of the terms bonds, as described in Section 4.01 hereof.

“Tax Certificate” shall mean the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Bonds, executed and delivered by the City on the date of

issuance of the Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

ARTICLE II

THE BONDS

SECTION 2.01 Authorization; Date; Payment of Principal and Interest; Denominations. The Bonds shall be issued to pay and redeem the Prior Bonds, and to pay Costs of Issuance. The Bonds shall be issued by the City under and subject to the terms of this Paying Agent Agreement and all applicable laws, and shall be designated as the “City of Menlo Park 2012 General Obligation Refunding Bonds,” and shall be in the aggregate principal amount of \$[PAR].

The Bonds shall be dated as of their date of delivery. The Bonds shall bear interest at the rate of 3.75%, payable on February 1, 2012, and thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). Each Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of said Bond. Each Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds shall be issued as a single, fully registered bond, without coupons.

The Bonds shall mature on August 1, 2032.

The principal the Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the Principal Corporate Trust Office of the Paying Agent, or at such other location as the Paying Agent shall designate. The interest on the Bonds shall be payable in like lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the last day of the month immediately preceding an Interest Payment Date.

Payment of the interest on any Bond shall be made by check or draft mailed by first class mail to such Owner at such Owner’s address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose; or upon written request of the Owner of Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the last day of the month immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice.

So long as the Bonds are owned by the Original Purchaser, the Bonds are not required to be presented and surrendered to the Trustee for payment at any time prior to the final

maturity thereof, and the Trustee will pay the principal of and interest on the Bonds by wire transfer to the Original Purchaser in accordance with the following wire transfer instructions (or such other instructions as the Original Purchase may deliver from time to time in writing to the Paying Agent.

 ROUTING/TRANSIT/ABA#: _____
 ACCOUNT# _____
 ACCOUNT NAME: _____
 REFERENCE: City of Menlo Park; Loan Number;
 Pymt type (principal; interest)

SECTION 2.02 Form and Registration of Bonds. (a) The Bonds, the Paying Agent's certificate of authentication and registration, and the form of assignment to appear thereon shall be in substantially the forms, respectively, attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this Paying Agent Agreement (provided that if a portion of the text of any Bond is printed on the reverse of the bond, the following legend shall be printed on the bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.").

(b) The Bonds when issued shall be registered in the name of Capital One Public Funding, LLC, and shall be initially issued as one bond in the principal amount of \$[PAR].

(c) Execution and Authentication of Bonds. The Bonds shall be signed by the manual or facsimile signatures of the Mayor of the City or any member of the Council or his or her designee, and the Finance Director, and countersigned by the manual or facsimile signature of the City Clerk or a deputy clerk. The Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form given in Appendix A hereto, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

SECTION 2.03 Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.05 hereof by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the Paying Agent for cancellation at the office of the Paying Agent designated for that purpose, accompanied by

delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent and a duly executed Investor Letter substantially in the form attached as Exhibit B to that certain Bond Purchase Contract, dated the date hereof, by and between the City and Capital One Public Funding, LLC, as Purchaser, in connection with the sale of the Bonds.

Whenever any Bonds shall be surrendered for transfer, the designated District officials shall execute (as provided in Section 2.03 hereof) and the Paying Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount and bearing the same rate or rates of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Bonds shall be required to be made by the Paying Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or Redemption Date to and including such Interest Payment Date or Redemption Date.

SECTION 2.04 Exchange of Bonds. Bonds may be exchanged at the office of the Paying Agent in San Francisco, California, or such other place as the Paying Agent shall designate, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Bonds shall be required to be made by the Paying Agent during the period from any Record Date to and including the following Interest Payment Date or from the date on which notice of redemption is given to and including the specified Redemption Date.

SECTION 2.05 Bond Register. (a) The Paying Agent will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration of the Bonds, which shall at all times be open to inspection by the City, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or cause to be registered, on said books, Bonds as hereinbefore provided.

(b) The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter or number, or letter and number.

ARTICLE III

ISSUANCE OF THE BONDS

SECTION 3.01 Delivery of Bonds. The Paying Agent is hereby authorized to authenticate and deliver the Bonds to or upon the written Request of the City.

SECTION 3.02 Application of Proceeds of Sale of Bonds. (a) Upon the delivery of the Bonds to the Original Purchaser thereof and the receipt from said Original Purchaser of the purchase price of the Bonds (\$_____), upon the order of the City, the Paying Agent shall deposit (or transfer) said amount as follows:

- (i) \$ _____ to the Escrow Agent for deposit pursuant to the Escrow Agreement with respect to the Prior Bonds.
- (ii) \$ _____ to the Paying Agent for deposit in the Costs of Issuance account. The Paying Agent shall use monies deposited in the Costs of Issuance account to pay the payees specified in a Written Request for Disbursement of Costs of Issuance (in substantially the form appended hereto as Exhibit B) in such amounts as may be specified therein to the extent the amount available in the account is sufficient for the purpose. On the 180th day after the delivery of the bonds, any amounts remaining in the Costs of Issuance account shall be transferred to the City for deposit in the City’s Debt Service Fund.

(b) The City shall transfer \$ _____ to the Trustee for deposit in the Escrow Fund as set forth in the Escrow Agreement.

ARTICLE IV

REDEMPTION OF THE BONDS

SECTION 4.01 Terms of Redemption. Optional Redemption. The Bonds are subject to optional redemption on any date on or after August 1, 2022, without premium.

(a) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without notice or premium, in the amounts and in the years as set forth below:

Mandatory Sinking Fund Redemption Date (August)	Mandatory Sinking Fund Redemption Amount
--	---

* Maturity Date

(b) Debt Service Fund. Prior to or on the redemption date of any Bonds there shall be available in the Debt Service Fund of the City, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem the Bonds designated herein for mandatory redemption. Such monies so set aside in any such escrow fund shall be applied on the redemption date solely for payment of principal of the Bonds, provided that all monies in the Debt Service Fund of the City shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Debt Service Fund of the City, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds

have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Debt Service Fund of the City or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the Debt Service Fund of the City for payment of any outstanding bonds of the City payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the City, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the City are at such time outstanding, said monies shall be transferred to the general fund of the City as provided and permitted by law.

(c) Defeasance of Bonds. If at any time the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of all outstanding Bonds all of the principal, interest and premium, if any, represented by Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of the Bonds as described in Section 5.02 hereof, and such obligation and all agreements and covenants of the City to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the City shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the Debt Service Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of Section 6.07 hereof shall apply in all events.

For purposes of this section, the City may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Debt Service Fund of the City, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates, in the opinion of a certified public accountant licensed to practice in the State of California.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.01 Payment of Principal and Interest. On or prior to the date any payment is due in respect of the Bonds, the City will cause the monies on deposit in the Debt Service Fund, or, to the extent necessary, such other monies as shall be lawfully available for the payment of the Bonds, to be deposited with the Paying Agent sufficient to pay the principal and the interest to become due in respect of all Bonds outstanding on such payment date. When and as paid in full, and following surrender thereof to the Paying Agent, all Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed.

SECTION 5.02 Obligation to Levy Taxes For Payment of Bonds. The money for the payment of principal and interest on the Bonds shall be raised by ad valorem taxation without limitation as to rate or amount (except with respect to certain personal property

which is taxable at limited rates) upon all taxable property in the City, and provision shall be made for the levy and collection of such taxes in the manner provided by law, and the City shall cause such money to be deposited in the Debt Service Fund.

SECTION 5.03 Validity of Bonds. The recital contained in the Bonds that the same are regularly issued pursuant to all applicable laws shall be conclusive evidence of their validity and of compliance with the provisions of the law in their issuance.

SECTION 5.04 Further Assurances. The City will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

SECTION 5.05 Tax Covenants. (a) The City covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the City covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the City is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Paying Agent or other custodian on behalf of the City, the City shall so instruct the Paying Agent or other custodian in writing.

(c) Notwithstanding any provision of this section, if the City shall obtain and provide to the Paying Agent or other custodian, as appropriate, an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, said party may conclusively rely on such Opinion of Counsel in complying with the requirements of this section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE VI

THE PAYING AGENT

SECTION 6.01 Appointment; Acceptance. The Bank of New York Mellon Trust Company, N.A., is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

SECTION 6.02 Resignation, Removal, Replacement of Paying Agent. The Paying Agent may at any time resign by giving written notice to the City of such resignation, whereupon the City shall promptly appoint a successor Paying Agent by the resignation date.

Resignation of the Paying Agent will be effective forty-five (45) days after notice of the resignation is given as stated above or upon appointment of a successor Paying Agent, whichever first occurs. The City may at any time remove the Paying Agent and any successor Paying Agent by an instrument given in writing. After removal or receiving a notice of resignation of the Paying Agent, the City may appoint a temporary Paying Agent or temporarily assume the duties of the Paying Agent to replace the former Paying Agent until the City appoints a successor Paying Agent. Any such temporary Paying Agent so appointed by the City shall immediately and without further act be superseded by the successor Paying Agent upon the appointment of and acceptance thereof by such successor.

The Paying Agent is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity, or on prior redemption, and to cancel all Bonds upon payment thereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

SECTION 6.03 Protection of Paying Agent. The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by or on behalf of the City, to use the funds deposited with it hereunder solely for payment of the principal of and interest on the Bonds as the same shall become due or become subject to earlier redemption.

SECTION 6.04 Reliance on Documents, Etc.

(a) The Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Paying Agent by the City.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of any Bond, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Bondowner or agent of the Bondowner.

(e) The Paying Agent may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full authorization and

protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

SECTION 6.05 Recitals of City. The recitals contained herein and in the Bonds shall be taken as the statements of the City, and the Paying Agent assumes no responsibility for their correctness.

SECTION 6.06 Money Held by Paying Agent; Unclaimed Monies. Money held by the Paying Agent hereunder shall be segregated from all other funds held by the Paying Agent. The Paying Agent shall be under no obligation to pay interest on any money received by it hereunder.

Funds held by the Paying Agent shall be invested upon a Request of the City signed by the Finance Director, in accordance with the City's investment policy and pursuant to applicable law, and in the absence of such written instructions, shall be invested in the First American Treasury Obligations Fund (Class D) of the Paying Agent. Except as set forth in the foregoing sentence, the Paying Agent shall have no obligation to invest and reinvest any cash held in the hereunder in the absence of timely and specific written investment direction from the City. In no event shall the Paying Agent be liable for the selection of investments or for investment losses incurred thereon. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the City specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Paying Agent that no brokerage confirmations need to be sent relating to the security transactions as they occur. The Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the City.

SECTION 6.07 Other Transactions. The Paying Agent may engage in or be interested in any financial or other transaction with the City.

SECTION 6.08 Interpleader. The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

SECTION 6.09 Indemnification. The City shall indemnify the Paying Agent, its officers, directors, employees, and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent's acceptance or administration of the Paying Agent's duties hereunder or under the Bonds (except any loss, liability or expense as may be adjusted by a court of competent jurisdiction to be attributable to the Paying Agent's negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying Agent by the City) in

connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.09 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation as Paying Agent hereunder.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01 Counterparts. This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

SECTION 7.02 Continuing Disclosure. The City hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

SECTION 7.03 Notices. Unless otherwise specified herein, all notices, statements, orders, requests or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the City:	City of Menlo Park 701 Laurel Street Menlo Park, CA 94025 Attn: Finance Director
If to the Paying Agent:	The Bank of New York Mellon Trust Company, N.A. 550 Kearny Street, Ste. 600 San Francisco, CA 94108 Attn: Corporate Trust Department
If to the Purchaser:	Capital One Public Funding, LLC 275 Broadhollow Road Melville, NY 11747 Attn: [Jonathan A. Lewis, Senior Vice President]

IN WITNESS WHEREOF, the parties hereto have caused this Paying Agent Agreement to be duly executed by their officers duly authorized as of the date first written above.

CITY OF MENLO PARK

By: _____
City Manager

Attest:

By: _____
City Clerk
City of Menlo Park

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Paying Agent

By: _____
Authorized Officer

EXHIBIT A

[FORM OF BOND]

Number	UNITED STATES OF AMERICA	Amount
R-__	STATE OF CALIFORNIA	\$_____
	SAN MATEO COUNTY	

CITY OF MENLO PARK
2012 GENERAL OBLIGATION
REFUNDING BONDS

THIS TRANSACTION IS SOLD TO THE ORIGINAL PURCHASER WITH NO INTENT FOR DISTRIBUTION OR RESALE. THE BOND IS BEING DELIVERED IN PHYSICAL DELIVERY FORMAT WITH NO DTC CLOSING AND IS NOT TRANSFERABLE.

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated as of</u>	<u>CUSIP NO.</u>
____%	August 1, 20__	January __, 2012	[586821 ____]

Registered Owner: CAPITAL ONE PUBLIC FUNDING, LLC

Principal Sum: _____ DOLLARS

The City of Menlo Park, County of San Mateo, State of California (herein called the "City"), acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable February 1, 2012, and thereafter on February 1 and August 1 in each year, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on January 1, 2012, it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the first day of the month in which an interest payment date occurs) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as that term is defined in the Paying Agent Agreement hereinafter described) of the paying agent/registrar and transfer agent of the City, initially The Bank of New York Mellon Trust Company, N.A. (herein called the "Paying Agent"). The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date preceding each interest payment date, whether or not such day is a business

day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request.

This Bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$[PAR], designated as "City of Menlo Park 2012 General Obligation Refunding Bonds" (the "Bonds"). The Bonds are issued and sold pursuant to a Paying Agent Agreement (the "Paying Agent Agreement"), dated as of January __, 2012, between the City and the Paying Agent, and in strict conformity with the provisions thereof and of the Constitution and laws of California, specifically the provisions of Articles 9 and 11 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

This Bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same maturity, interest rate, and same aggregate principal amount will be issued to the transferee in exchange herefor.

The City and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to mandatory sinking fund redemption on the terms and subject to the conditions specified in the Paying Agent Agreement and as shown in the attached Sinking Fund Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

The City Council hereby certifies and declares that the total amount of indebtedness of the City, including the amount of this Bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this Bond have been done and performed in strict conformity with the laws authorizing the issuance of this Bond, that this Bond is in the form prescribed by order of this City Council duly made and entered on its minutes and shall be payable out of the Debt Service Fund of the City, and the money for the payment of the principal of this Bond, premium, if any, and the payment of interest hereon, shall be raised by taxation upon the taxable property of said City.

This Bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

The document need not be presented to the Paying Agent for the Registered Owner to receive the sinking fund payments.

The Bank did not require that this bond have a CUSIP; the Bank intends on holding this Bond to maturity.

IN WITNESS WHEREOF the City Council of the City of Menlo Park has caused this Bond to be signed by facsimile signatures of its Mayor and Finance Director of the City, and to be countersigned by the manual or facsimile signature of the City Clerk, as of the date set forth.

CITY OF MENLO PARK

Mayor
City of Menlo Park

Finance Director
City of Menlo Park

Countersigned:

City Clerk
City of Menlo Park

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Paying Agent Agreement authenticated and registered on _____.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Paying
Agent/Registrar and Transfer Agent

Authorized Officer

REDEMPTION SCHEDULE

Optional Redemption.

The Bonds are not subject to optional redemption prior to their stated maturity date.

Mandatory Sinking Fund Redemption.

The Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof to be redeemed, without notice or premium, in the amounts and in the years as set forth below:

Mandatory Sinking Fund Redemption Date (August)	Mandatory Sinking Fund Redemption Amount
--	---

* Maturity Date

EXHIBIT B

FORM OF WRITTEN REQUEST FOR DISBURSEMENT OF COSTS OF ISSUANCE

WRITTEN REQUEST NO. FOR DISBURSEMENT OF COSTS OF ISSUANCE

_____, 20__

In connection with the delivery on this date of the following bonds from the City of Menlo Park (the "City"):

Title of Bonds: City of Menlo Park 2012 General Obligation Refunding Bonds

Principal Amount: \$[PAR]

Date of Bonds: _____, 2012

the undersigned hereby authorizes and directs The Bank of New York Mellon Trust Company, N.A. (the "Bank"), to pay on this date the authorized costs of issuance of said bonds shown on Schedule A attached hereto to the payees and in the amounts specified therein, as required by the Bond Purchase Contract, dated _____, 2012 (the "Purchase Contract"), between the City and the Purchaser.

The City further authorizes and directs the Bank to pay such other authorized costs of issuance as may be identified in further requisitions to be submitted by the City from time to time, to the extent the amount remaining available is sufficient for the purpose.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand on the date first above written.

CITY OF MENLO PARK

By: _____
Finance Director

SCHEDULE A

Payee Name	Purpose of Obligation	Amount
-------------------	------------------------------	---------------

BOND PURCHASE CONTRACT

[\$[PAR]**CITY OF MENLO PARK
2012 GENERAL OBLIGATION REFUNDING BONDS**

January __, 2012

City of Menlo Park
Menlo Park, California

Ladies and Gentlemen:

The undersigned (the "Purchaser") offers to enter into this Bond Purchase Contract (this "Purchase Contract") with the City of Menlo Park (the "City"), acting through its City Manager (the "City Manager"). The offer made hereby is subject to acceptance by the City by execution and delivery of this Purchase Contract to the Purchaser at or prior to 11:59 p.m., California time, on the date hereof, but it shall be irrevocable until such time as it is sooner accepted or rejected by the City. Upon acceptance of this offer by the City in accordance with the terms hereof, this Purchase Contract will be binding upon the City and upon the Purchaser.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, covenants and agreements hereinafter set forth, the City hereby agrees to sell to the Purchaser all (but not less than all) of the \$[PAR] aggregate principal amount of the City of Menlo Park 2012 General Obligation Refunding Bonds (the "Bonds"), at the Purchase Price designated in Appendix A hereto. The interest rate on the Bonds is 3.75%.

2. The Bonds. The Bonds shall be issued pursuant to Articles 9 and 11 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and other applicable laws (the "Refunding Law"), as authorized by Resolution No. _____ of the City Council of the City (the "City Resolution"), adopted on January __, 2012 and pursuant to that certain Paying Agent Agreement, dated as of January 1, 2012, by and between The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent") and the City (herein called the "Paying Agent Agreement"). The Bonds shall conform in all respects to the terms and provisions set forth in the Paying Agent Agreement and in this Purchase Contract, including in Appendix A hereto.

The Bonds shall be issued as current interest bonds. The Bonds shall be dated as of January __, 2012, and shall mature on August 1, 2032, and pay interest at the rate of 3.75%, and be subject to sinking fund redemption in the amounts and in the years shown in Appendix A.

Interest on the Bonds shall be payable on February 1, 2012, and semiannually thereafter on February 1 and August 1 of each year.

The Purchaser shall order CUSIP identification numbers and the City shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract.

3. Representations and Agreements of the City. The City represents to and agrees with the Purchaser that, as of the date hereof and as of the date of the Closing:

(a) The City is a city duly organized and validly existing under the Constitution and general laws of the State of California.

(b) The City has full legal right, power and authority to enter into this Purchase Contract, to adopt the City Resolution, and to observe and perform the covenants and agreements made in this Purchase Contract, the City Resolution, to be observed and performed and consummated by the City.

(c) The City has duly adopted the City Resolution in accordance with the laws of the State; the City Resolution is in full force and effect and has not been amended, modified or rescinded, and all representations of the City set forth in the Resolution are true and correct; the City has duly authorized and approved the execution and delivery of, and the observance and performance by the City of its covenants and agreements contained in the Bonds and this Purchase Contract, and has duly authorized and approved the consummation by it through its officers and agents of all other transactions contemplated therein to have been performed or consummated at or prior to the Closing Date; and the City has complied, and will at the Closing be in compliance in all respects, with the obligations in connection with the issuance of the Bonds on its part contained in this Purchase Contract, the City Resolution, and the Bonds.

(d) The City will undertake, pursuant to the City Resolution and a Continuing Disclosure Certificate, to provide certain annual financial information.

(e) The City has, and has had, no financial advisory relationship with the Purchaser with respect to the Bonds, nor with any investment firm controlling, controlled by or under common control with the Purchaser.

(f) The City hereby acknowledges that (a) the Purchaser is acting solely as a purchaser of the Bonds for its own account and not as a fiduciary for the City or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor; (b) the Purchaser has not provided and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the City with respect to the issuance of the Bonds, (c) the City will seek and obtain financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the issuance of the Bonds from its financial, legal and other advisors (and not the Purchaser) to the extent that the City desires to obtain such advice.

4. Representations and Agreements of the Purchaser. The Purchaser represents to and agrees with the City that, as of the date hereof and as of the date of the Closing:

(a) The Purchaser is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

(b) The Purchaser has, and has had, no financial advisory relationship with the City with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Purchaser has or has had any such financial advisory relationship.

(c) the Purchaser is a Qualified Institutional Buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of a purchase of the Bonds;

(d) the Purchaser has conducted its own investigation into the merits and risks of its purchase of the Bonds and has received, or been afforded access to, from the City or otherwise, all the information it deems necessary to make a decision with regard to its purchase of the Bonds;

(e) the Purchaser is acquiring the Bonds for its own account and not with a present view to, or for resale in connection with, any distribution of the Bonds; provided that the Purchaser retains the right at any time to dispose of the Bonds or any interest therein as it may determine to be in its best interests and that any subsequent resale shall be made only in accordance with the Paying Agent Agreement and applicable securities laws; and

(f) the Purchaser will deliver a letter in substantially the form attached as Appendix B hereto on the Closing Date and agrees to the terms thereof.

5. Conditions to Closing. (a) Contemporaneously with the acceptance of delivery of the Bonds, the City will provide to the Purchaser:

(1) a certificate or certificates, signed by appropriate officials of the City, confirming to the Purchaser that, as of the date of this Purchase Contract and at the time of Closing, to the best of the knowledge of said official or officials, there is no litigation pending concerning the validity of the Bonds, the corporate existence of the City, or the entitlement of the officers of the City who have signed the Bonds, or the various certificates and agreements of the City relating to the issuance and sale of Bonds, to their respective offices.

(2) a certificate or certificates, signed by an official of the City, confirming to the Purchaser that as of the Closing Date all of the representations of the City contained in this Purchase Contract are true, and that the City Resolution is in full force and effect and has not been amended, modified or rescinded.

(3) the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel with respect to the issuance of the Bonds (“Bond Counsel”), addressed to the City, approving the validity of the Bonds.

(5) a supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Purchaser substantially to the following effect:

(i) the Purchaser may rely on Bond Counsel's final opinion as though the same were addressed to the Purchaser.

(ii) this Purchase Contract has been duly authorized executed and delivered by the City, constitutes the valid and binding agreement of the City enforceable against the City, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditor's rights, by the application of equitable principles, by the exercise of judicial discretion and to the limitations on legal remedies against Cities in the State of California; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) the duly executed Tax Certificate of the City, dated the date of Closing, in form satisfactory to Bond Counsel.

(5) the receipt of the Paying Agent confirming payment by the Purchaser of the Purchase Price of the Bonds.

(6) the Continuing Disclosure Certificate of the City attached hereto as Appendix C.

(7) the Investor Letter in the form substantially attached hereto as Appendix B.

(8) a report of Grant Thornton LLP complying with the requirements of Government Code section 53558.

(9) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser or Bond Counsel may reasonably require to evidence (i) compliance by the City and the Paying Agent with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the City herein contained, and (iii) the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

(b) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the Purchase Price thereof, the Purchaser will provide to the City:

(1) the receipt of the Purchaser, in form satisfactory to the City and signed by an authorized officer of the Purchaser, confirming delivery of the Bonds to the Purchaser and the satisfaction of all conditions and terms of this Purchase Contract by the City and

confirming to the City that as of the Closing Date all of the representations of the Purchaser contained in this Purchase Contract are true, complete and correct in all material respects.

6. Closing. At or before 5:00 p.m. California time, on January __, 2012, or at such other date and time as shall have been mutually agreed upon by the City and the Purchaser, the City shall deliver to the Purchaser the Bonds duly executed by the City, together with the other documents described in Section 5(a) hereof; and the Purchaser will accept such delivery and pay the Purchase Price of the Bonds as set forth in Section 1 hereof in immediately available funds by federal funds wire, in an aggregate amount equal to such Purchase Price, plus accrued interest, if any, on the Bonds from the date thereof to the date of such payment, and shall deliver to the City the other documents described in Section 5(b) hereof, as well as any other documents or certificates Bond Counsel shall reasonably require.

Payment for the delivery of the Bonds as described herein shall be made by wire transfer of funds to the Paying Agent, or at such other place or by other means as shall have been mutually agreed upon by the City and the Purchaser. The Bonds will be delivered through the facilities of The Bank of New York Mellon Trust Company, N.A., or at such other place as shall have been mutually agreed upon by the City and the Purchaser. All other documents to be delivered in connection with the delivery of the Bonds shall be delivered at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Such payment and delivery is herein called the “Closing” and the date thereof the “Closing Date”.

7. Expenses. The City shall pay costs of issuance of the Bonds as described in this paragraph. The City shall pay the balance of expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds (or from any other source of available funds of the City) which expenses include: (i) the cost of the preparation and reproduction of the documents, to be delivered by the City hereunder; (ii) the fees and disbursements of Bond Counsel; (iii) the costs of the preparation, printing and delivery of the Bonds; (iv) fees required to be paid to the California Debt and Investment Advisory Commission (“CDIAC”), (v) fees and expenses of the Paying Agent for the Bonds; and (vi) fees and disbursements of Piper Jaffray & Co., (the “Placement Agent”).

The Purchaser shall pay the costs of its counsel.

8. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the introductory paragraph hereof) may be given by delivering the same in writing to the City or the Purchaser at the respective addresses given below, or such other address as the City or the Purchaser may designate by notice to the other parties.

To the City:

City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attn: City Manager

To the Purchaser:

Capital One Public Funding, LLC
275 Broadhollow Road
Melville, NY 11747
Attn: _____

9. Governing Law. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

10. Parties in Interest. This Purchase Contract when accepted by the City in writing as heretofore specified shall constitute the entire agreement among the City and the Purchaser, and is solely for the benefit of the City and the Purchaser (including the successors or assigns thereof). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements in this Purchase Contract of each of the parties hereto shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, or (b) any termination of this Purchase Contract.

11. Headings. The headings of the paragraphs and sections of this Purchase Contract are inserted for convenience of reference only and shall not be deemed to be a part hereof.

12. Effectiveness. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the City Manager of the City, and shall be valid and enforceable at the time of such acceptance.

13. Counterparts. This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

Respectfully submitted,

CAPITAL ONE PUBLIC FUNDING, LLC, as
Purchaser

By: _____
Authorized Officer

Accepted: January __, 2012.

CITY OF MENLO PARK

By: _____
City Manager

PURCHASE CONTRACT APPENDIX A
TERMS OF THE
CITY OF MENLO PARK
2012 GENERAL OBLIGATION REFUNDING BONDS

Purchase Price. Subject to the provisions of the Purchase Contract to which this Appendix A is attached, the Purchase Price for all of the City of Menlo Park 2012 General Obligation Refunding Bonds (the “Bonds”) shall be \$[PAR].

I. Payment Provisions

The Bonds shall be issued in the principal amounts, bear interest at the rate per annum of 3.75%, and be subject to mandatory sinking fund redemption in the amounts and in the years specified in Schedule A attached hereto.

SCHEDULE A

**CITY OF MENLO PARK
2012 GENERAL OBLIGATION REFUNDING BONDS**

MANDATORY SINKING FUND REDEMPTION SCHEDULE

Mandatory Sinking Fund Redemption Date (August 1)	Mandatory Sinking Fund Redemption Amount
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032*	

* Maturity Date

PURCHASE CONTRACT APPENDIX B**INVESTOR LETTER**

I, _____, _____, of Capital One Public Funding, LLC (the “Purchaser”) do hereby certify as follows with regard to the \$[PAR] City of Menlo Park 2012 General Obligation Refunding Bonds (the “Bonds”):

1. The Purchaser has full power and authority to carry on its business as now conducted, deliver this certificate and make the representations and certifications contained herein.

2. The Purchaser is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the City of Menlo Park (the “City”), the Bonds and the risks associated with the purchase of the Bonds; has the ability to bear the economic risk of an investment in the Bonds; and is an “accredited investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended. The Purchaser is not acting as a broker, dealer or municipal securities underwriter in connection with its purchase of the Bonds.

3. The Purchaser has conducted its own investigation of the financial condition of the City, the purpose for which the Bonds are being issued and of the security for the payment of the principal and interest on the Bonds pursuant to the Paying Agent Agreement, dated as of January 1, 2012, by and between the City and The Bank of New York Mellon Trust Company, N.A., as payment agent (the “Paying Agent”), and has obtained such information regarding the Bonds, the City and its operations, financial condition and financial prospects as the Purchaser deems necessary to make an informed investment decision with respect to the purchase of the Bonds.

4. The Purchaser is purchasing the Bonds solely for its own account and not with a present view to any distribution of the Bonds or any interest therein or portion thereof or without a present intention of distributing or reselling the Bonds or any interest therein or portion thereof, provided that the Purchaser retains the right at any time to dispose of the Bonds or any interest therein or portion thereof as it may determine to be in its best interests. In the event that the Purchaser disposes of the Bonds or any part thereof in the future, the Purchaser understands that it has the responsibility for complying with any applicable federal and state securities laws and all rules and regulations promulgated pursuant thereto.

5. The Purchaser acknowledges that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws and that such registration is not legally required. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any subsequent disposition of the Bonds, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish this requirement.

6. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser, is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein and in the Bond Purchase Contract, dated January __, 2012 (the "Bond Purchase Contract") between the Purchaser and the City, and is authorized to execute and deliver this letter, said Bond Purchase Contract, and the other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

7. The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange and (iii) will not carry any rating from any rating service.

8. None of the City, its governing body, or any of its employees, counsel or agents nor Bond Counsel will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the City or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the City to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

DATED this ____ day of _____, 2012.

CAPITAL ONE PUBLIC FUNDING, LLC

By:

PURCHASE CONTRACT APPENDIX C
CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by City of Menlo Park (the “City”) in connection with the issuance of \$[PAR] aggregate principal amount of City of Menlo Park 2012 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to Resolution No. _____, adopted by the City Council of the City on _____, 2012 and that certain Paying Agent Agreement, dated as of January 1, 2012, by and between the City and The Bank of New York Mellon Trust Company, N.A. (herein called the “Paying Agent Agreement”). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders pursuant to the requirement set forth in that certain Bond Purchase Contract by and between the City and the Holder of the Bonds dated as of _____, 2012.

Section 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 hereof.

“Dissemination Agent” shall mean the City, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Holder” shall mean the person in whose name any Bond shall be registered.

Section 3. Provision of Annual Reports. (a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s fiscal year (which due date shall be April 1 of each year, so long as the fiscal year ends on June 30), commencing with the Annual Report for the 2011-2012 Fiscal Year (which is due not later than April 1, 2013), provide an Annual Report which is consistent with the requirements of Section 4 hereof. Each Annual Report must be submitted in electronic format, and may include by reference other information as provided in Section 4 hereof; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the City’s fiscal year changes, it shall give written notice of such change to the Holder within 30 days of such occurrence.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the City shall provide the Annual Report to the

Dissemination Agent (if other than the City) and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City and the Paying Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Annual Report is delivered to the Dissemination Agent (if other than the City) for filing, the Dissemination Agent shall file a report with the City and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the City for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the City's audited financial statements are not available by the time the Annual Report is required to be provided to the Holder pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the Holder in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the City, the Annual Report shall also include the following:

(i) The adopted budget of the City for the current fiscal year or a summary thereof;

(ii) The assessed value of taxable property in the City as shown on the most recent equalized assessment roll; and

(iii) The property tax levies, collections, and delinquencies for the City for the most recently completed fiscal year.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), the City shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be omitted from the Annual Report if such documents are available to the public on the City website.

Section 5. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 6. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the City.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the proposed amendment or waiver either (i) is approved by the Holder, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holder.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report.

Section 9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided, any such action may be instituted only in the Superior Court of the State of California in and for the County of San Mateo, or in the U.S. District nearest to the County of San Mateo. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, and Holder from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2012.

CITY OF MENLO PARK

By: _____
City Manager

2012 LETTER OF INSTRUCTIONS REGARDING
OUTSTANDING CITY OF MENLO PARK
GENERAL OBLIGATION BONDS, SERIES 2002

To: The Bank of New York Mellon Trust Company, N.A., as Escrow Agent with respect to the City of Menlo Park General Obligation Bonds, Series 2002

Ladies and Gentlemen:

This 2012 Letter of Instructions, dated January __, 2012, is from the City of Menlo Park (the “City”), a City duly organized and existing under the Constitution and laws of the State of California, to The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, and is executed and delivered pursuant to Resolution No. ____, adopted by the City Council of the City on January __, 2012.

RECITALS

WHEREAS, The Bank of New York Mellon Trust Company, N.A., acting as Paying Agent under that certain Paying Agent Agreement, dated as of January 1, 2012, by and between the City and The Bank of New York Mellon Trust Company, N.A. (herein called the “Paying Agent Agreement”), duly authenticated and delivered \$[PAR] aggregate principal amount of City of Menlo Park 2012 General Obligation Refunding Bonds (herein called the “Refunding Bonds”), for the purpose, among others, of providing funds which, together with certain *ad valorem* taxes collected and held by the City, are sufficient to defease that portion of the outstanding City of Menlo Park General Obligation Bonds, Series 2002, originally issued in the aggregate principal amount of \$13,245,000 (and of which \$11,165,000 are currently outstanding), which may be optionally redeemed (identified in Schedule II hereto and herein called the “Prior Bonds”) pursuant to the terms of the Prior Bonds and Resolution No. 5373, adopted by the City Council of the City on April 9, 2002 (the “Prior Bonds Resolution”) and the Paying Agent Agreement, dated as of May 1, 2002;

WHEREAS, The Bank of New York Mellon Trust Company, N.A. is acting hereunder as Escrow Agent with respect to the Prior Bonds, and in such capacity is herein referred to as the “Escrow Agent”;

WHEREAS, the Paying Agent Agreement provides for the deposit in the Escrow Fund (as defined in Section 1, below) of certain of the proceeds of the Refunding Bonds and other monies;

WHEREAS, the City has deposited in the Escrow Fund certain cash and securities consisting of certain direct obligations of the United States of America that are not subject to redemption prior to their respective stated maturities (the “Escrow Securities”), in an amount which, together with the interest to accrue on such Escrow Securities will be sufficient to pay the amounts required pursuant to Section 3, as certified by Grant Thornton LLP, a nationally

recognized firm of independent certified public accountants licensed to practice in the State of California;

INSTRUCTIONS

Section 1. Establishment and Maintenance of Escrow Fund. The Escrow Agent is hereby authorized and directed to establish and maintain a fund, pursuant to these irrevocable instructions until all of the Prior Bonds have been paid, designated as the “Escrow Fund,” and to hold the securities, investments and monies therein at all times as a special fund and separate trust account. All securities, investments and monies in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 and Section 7 hereof, to secure the payment of the Prior Bonds.

Section 2. Investment of Escrow Fund.

(a) Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged and assigned solely to the payment of the interest on and principal of the Prior Bonds, which amounts shall be held in trust by the Escrow Agent for the Owners of the Prior Bonds.

(b) Upon the issuance of the Refunding Bonds, there shall be deposited in the Escrow Fund \$ _____ received from the proceeds of the sale of the Refunding Bonds.

(c) The City shall deposit \$ _____ in the Escrow Fund from the Debt Service Fund of the city for the Prior Bonds.

(d) Upon the deposit of moneys pursuant to Section 2(b), the moneys on deposit in the Escrow Fund will be at least equal to an amount sufficient to purchase an aggregate principal amount of United States Obligations, which principal, together with all interest due or to become due on such securities, and any uninvested cash held by the Escrow Agent in the Escrow Fund, will be sufficient to make the payments required by Section 3 hereof.

(e) The Escrow Agent shall not reinvest any cash portion of the Escrow Fund; provided, however, that after obtaining an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the sale, transfer, redemption or other disposition and substitution of United States Obligations will not adversely affect the exclusion of interest on the Prior Bonds or on the Refunding Bonds from gross income for purposes of federal income taxation, and will not cause the Prior Bonds to be deemed outstanding indebtedness under the Prior Bonds Resolution or applicable law, and will not result in the breach of any covenant of the City contained in the Prior Bonds Resolution or the Paying Agent Agreement, the Escrow Agent may reinvest, at the written direction of the City, any cash portion of the Escrow Fund in Escrow Securities. Any such reinvestment shall be made in securities the principal of and interest on which is payable at such times and in such amounts as will be sufficient (together with the other securities, investments and monies in the Escrow Fund) to pay the Prior Bonds in accordance with Section 3 and consistent with the then currently applicable report of the nationally recognized firm of independent certified public accountants delivered with respect to the Escrow Fund. The Escrow Agent shall not be liable or responsible for any

loss resulting from any investment made pursuant to this 2012 Letter of Instructions and in full compliance with the provisions hereof.

Section 3. Payment and Redemption of Prior Bonds. The City hereby irrevocably directs the Escrow Agent, and the Escrow Agent agrees, to collect and deposit in the Escrow Fund the principal of and interest on all Escrow Securities held for the account of the Escrow Fund promptly as such principal and interest become due, and to apply such principal and interest, together with other monies and the principal of and interest on other securities deposited in the Escrow Fund, to the payment of the interest and principal on the Prior Bonds when due, to and including August 1, 2012, and to the payment of the principal and redemption premiums of the outstanding Prior Bonds on August 1, 2012, pursuant to the Prior Bonds Resolution. Upon retirement or redemption or prepayment of all of the Prior Bonds, the Escrow Agent shall transfer any monies or securities remaining in the Escrow Fund, to the extent not required for any fees or expenses of the Escrow Agent, to the City for deposit in the [Debt Service Fund] of the City for payment of the Refunding Bonds or any other general obligation bonds of the City payable from said fund. The maturity schedule of the Prior Bonds is set forth in Schedule II.

Section 4. Notice of Redemption. The City hereby irrevocably directs the Escrow Agent, and the Escrow Agent agrees, to give notice of the refunding and redemption and payment of the Prior Bonds to take place on August 1, 2012, in the time, form and manner as specified by the Prior Bonds Resolution.

Section 5. Possible Deficiencies. If at any time it shall appear to the Escrow Agent that the monies in the Escrow Fund, including the anticipated proceeds of the Escrow Securities, will not be sufficient to make all payments required by Section 3 hereof, the Escrow Agent shall notify the City in writing as soon as reasonably practicable of such fact and the amount of such deficiency. Thereupon the City shall use its best efforts to obtain and deposit with the Escrow Agent for deposit in the Escrow Fund, from any legally available monies, such additional monies as may be required to meet fully the aggregate amounts to become due and payable on the Prior Bonds as the same become due. The Escrow Agent shall in no manner be responsible for the City's failure to make any such deposit. The Escrow Agent may conclusively rely on the report of a nationally recognized firm of independent certified public accountants delivered with respect to the Escrow Fund as to the sufficiency of the principal of and interest on the Escrow Securities to pay the Prior Bonds in accordance with Section 3.

Section 6. Unclaimed Monies. Any monies held by the Escrow Agent in trust for the payment and discharge of the Prior Bonds which remain unclaimed for two (2) years after the date when such Prior Bonds are to have been retired or redeemed in accordance with Section 3 shall be transferred to the [Debt Service Fund] of the City for payment of any outstanding bonds of the City payable from said fund; or, if no such bonds of the City are at such time outstanding, said monies shall be transferred to the general fund of the City as provided and permitted by law.

Section 7. Substitution of Securities. (a) Upon the written request of the City, subject to the conditions and limitations hereinafter set forth and applicable government rules and regulations, the Escrow Agent shall sell, redeem or otherwise dispose of the securities in the Escrow Fund, if there are substituted therefor, from the proceeds of such securities, other Escrow

Securities as hereinafter provided. The City will not exercise any powers which would have the effect of causing any of the Refunding Bonds or the Prior Bonds to be “arbitrage bonds” as defined in Section 148 of the Internal Revenue Code of 1986 and the regulations of the United States Department of the Treasury issued thereunder and will not cause the Prior Bonds to be deemed outstanding indebtedness under the Prior Bonds Resolution or applicable law. The Escrow Agent shall dispose of the securities in the Escrow Fund and purchase substitute Escrow Securities only upon receipt of --

(i) a written report of a nationally recognized firm of independent certified public accountants to the effect that the substitute Escrow Securities will mature in such principal amounts and earn interest in such amounts and at such times so that sufficient monies will be available to pay interest and principal on the Prior Bonds, as the same becomes due, to and including August 1, 2012, and to pay on August 1, 2012, all principal and redemption premium of the outstanding Prior Bonds; and

(ii) an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the sale, transfer, redemption or other disposition and substitution of United States Obligations will not adversely affect the exclusion of interest on the Prior Bonds or on the Refunding Bonds from gross income for purposes of federal income taxation.

(b) Upon the written request of the City, to the extent moneys on deposit in the Escrow Fund will not be required at any time for the purpose of making a payment required by Section 3 hereof, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Bank, such moneys shall be transferred to The Bank of New York Mellon Trust Company, N.A., as paying agent, for deposit in the City’s Costs of Issuance Account established for the Refunding Bonds, free and clear of any trust, lien, pledge or assignment securing the Prior Bonds or otherwise existing hereunder.

Section 8. Fees and Expenses of Escrow Agent. The City, by this 2012 Letter of Instructions, agrees to pay amounts equal to the reasonable fees and expenses of the Escrow Agent incurred as a result of this 2012 Letter of Instructions and the acceptance thereof by the Escrow Agent; provided, however, that in no event shall such fees or expenses incurred by the Escrow Agent be deducted from, or constitute a lien against, the Escrow Fund until the retirement or redemption of the Prior Bonds pursuant to Section 3 hereof.

Section 9. Liabilities and Obligations of Escrow Agent. The Escrow Agent shall have no obligation to make any payments or disbursement of any type or incur any financial liability in the performance of its duties under this 2012 Letter of Instructions unless the City shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written instructions of the City or its agents relating to any matter or action as Escrow Agent under this 2012 Letter of Instructions.

The City covenants to indemnify and hold harmless the Escrow Agent against any loss, liability or expense, including legal fees, incurred in connection with the performance of any of its duties hereunder, except the Escrow Agent shall not be indemnified against any loss, liability or expense resulting from its negligence or willful misconduct.

The Escrow Agent may consult with counsel of its own choice (which may be counsel to the City) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

The Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

The Escrow Agent shall not be liable for the accuracy of any calculations provided as to the sufficiency of the monies or Escrow Securities deposited with it to pay the principal, interest or premiums, if any, on the Prior Bonds.

The Escrow Agent shall not be liable for any action or omission of the City under this 2012 Letter of Instructions, or the Prior Bonds Resolution, or the Paying Agent Agreement.

Whenever in the administration of this 2012 Letter of Instructions the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an authorized representative of the City, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or suffered by it under the provisions of this 2012 Letter of Instructions upon the faith thereof.

The Escrow Agent may conclusively rely, as to the truth or accuracy of the statements and correctness of the opinions and calculations provided, and shall be protected and indemnified, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

The Escrow Agent may at any time resign by giving written notice to the City of such resignation. The City shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective only upon acceptance of appointment by a successor Escrow Agent. If the City does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe, and as may be required by law, appoint a successor Escrow Agent. After receiving a notice of resignation of an Escrow Agent, the City may appoint a temporary Escrow Agent to replace the resigning Escrow Agent until the City appoints a successor Escrow Agent. Any such temporary Escrow Agent so appointed by the City shall immediately and without further act be replaced by the successor Escrow Agent so appointed.

Section 10. Severability. If any section, paragraph, clause or provision of this 2012 Letter of Instructions shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this 2012 Letter of Instructions.

Section 11. Counterparts. This 2012 Letter of Instructions may be executed and accepted in counterparts, and each counterpart hereto shall be deemed to be a true original of the 2012 Letter of Instructions.

CITY OF MENLO PARK

By _____
City Manager

Accepted:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Agent

By _____
Authorized Officer

SCHEDULE I

Escrow Securities

1. CASH in the amount of \$_____.
2. SLGS in the amount of \$_____.

SCHEDULE II

SCHEDULE OF BONDS TO BE DEFEASED

CITY OF MENLO PARK
GENERAL OBLIGATION BONDS, SERIES 2002

[Bonds to be Defeased – as shown in Exhibit [B-1] of the
Verification Report of Grant Thornton LLP attached hereto.]



ADMINISTRATIVE SERVICES

Council Meeting Date: January 10, 2012
Staff Report #: 12-005

Agenda Item #F4

REGULAR BUSINESS: Adopt a Resolution Electing that the City Serve as Successor Agency/Successor Housing Agency to Dissolving Redevelopment Agency

RECOMMENDATION

For the reasons set forth in this report, staff recommends that the City Council adopt the resolution, a copy of which is attached and on file with the City Clerk electing that the City serve as both the Successor Agency and Successor Housing Agency to the Community Development Agency of the City of Menlo Park, and directing staff to file the appropriate notification of these elections in accordance with the Dissolution Act.

BACKGROUND

On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case, finding ABx1 26 (the "Dissolution Act") largely constitutional and AB1x 27 (the "Alternative Redevelopment Program Act") unconstitutional. The Court's bifurcated decision means that all California redevelopment agencies, including the Community Development Agency of the City of Menlo Park (the "Agency"), will be dissolved under the constitutional Dissolution Act, and none will have the opportunity to opt into continued existence under the unconstitutional Alternative Redevelopment Program Act.

As a result, the Agency will be dissolved on February 1, 2012. The Agency's non-housing funds and assets will then be turned over to a successor agency (the "Successor Agency") charged with the responsibility of paying off the former Agency's existing debts, disposing of the former Agency's properties and assets to help pay off debts and return revenues to the local government entities that receive property taxes (the "Taxing Entities"), and winding up the affairs of the former redevelopment area. The Agency's affordable housing assets, other than its existing housing fund balance, will be turned over to a successor housing agency (the "Successor Housing Agency") to continue performing affordable housing activities. (The former Redevelopment Agency's affordable housing fund balance will be used to repay existing housing fund debts and/or remitted to the County Auditor-Controller for distribution to the Taxing Entities.)

The Dissolution Act provides that the City of Menlo Park (the "City"), as the community that established the Agency, will be the Successor Agency to the former redevelopment agency unless the City elects not to serve as the Successor Agency, in which case the

first other Taxing Entity making a proper election will be designated as the Successor Agency. If the City elects **not** to be the Successor Agency, it must adopt a resolution to that effect and notify the County Auditor-Controller by not later than January 13, 2012. Even if the City elects to be the Successor Agency, the Agency's special redevelopment counsel recommends that a resolution to that effect and accompanying notice be provided to the County Auditor-Controller in order to have a clear record of the City's intention.

The Dissolution Act also authorizes the City to elect to become the Successor Housing Agency of the former redevelopment agency, and to retain the housing assets (other than any existing housing fund balance) and affordable housing functions of the former Agency. If the City does not elect to become the Successor Housing Agency, then the local Housing Authority (or if there is no local Housing Authority, the California Department of Housing and Community Development) will become the Successor Housing Agency.

ANALYSIS

The Successor Agency and the Successor Housing Agency will play a key day-to-day role in assuring that the existing obligations of the former Agency are properly paid, and that the former Agency's properties and other assets are disposed of in an appropriate manner. While the Successor Agency will be overseen by an "Oversight Board" of seven representatives selected largely by the County and various local education districts, the staff of the Successor Agency will have a strong role in initiating and implementing actions in a way that achieves not only the requirements of the Dissolution Act but also is sensitive to the long-term development needs of the City and local community, and that protects the good name of the City in the financial markets by assuring timely repayment of the former Redevelopment Agency's existing debts.

If the City elects not to serve this role, the Successor Agency will be some other Taxing Entity that is likely to have no experience in redevelopment financial and land disposition matters and that may not necessarily take into account the interests of the City and local community in performing its functions. Similarly, if the City elects not to serve as the Successor Housing Agency, then some other entity outside the City's control will perform various affordable housing functions in the City using affordable housing assets of the former Redevelopment Agency.

The Dissolution Act provides that the liability of the Successor Agency is limited to the funds and assets it receives under the Dissolution Act to perform its functions. Thus, if it takes on the role of Successor Agency (and Successor Housing Agency), the City would not expose its General Fund to liability to discharge the obligations of the former Redevelopment Agency (unless it was found to have mismanaged or misappropriated the funds and assets it does receive under the Dissolution Act). That said, it would be important for the City, if it becomes the Successor Agency (and Successor Housing Agency), to exercise the same care and prudence in the management and protection of

the funds and assets that it receives from the former Redevelopment Agency as the City applies with its own funds and assets.

Subject to the approval of the Oversight Board and to specified reductions if other funds are available for administration, the Dissolution Act permits the Successor Agency to receive an annual operating budget to defray its administrative costs in an amount up to five percent of the property tax allocated to the Successor Agency for FY 2011-12 to pay the former Redevelopment Agency's existing debts, and up to three percent of the property tax allocated to the Successor Agency each succeeding fiscal year; provided, however, that the annual amount shall not be less than \$250,000 for any fiscal year (or such lesser amount as agreed to by the Successor Agency). It is possible, but not clear in the currently written Dissolution Act, that the City could receive a portion of this amount to perform its functions as the Successor Housing Agency.

IMPACT ON CITY RESOURCES


Although the legislative dissolution of the Community Development Agency of the City of Menlo Park eliminates the revenues that have funded programs and services for the redevelopment area in the past, and places a significant financial burden on the City should it choose to continue to provided the current level of such services into the future, serving as the Successor Agency does not, in and of itself, pose a fiscal impact to the City. The Successor Agency will receive an annual operating budget to defray anticipated administrative costs.

POLICY ISSUES

Serving as successor agency for the Community Development Agency of the City of Menlo Park, the City will be able to best monitor the various sources and uses of prior redevelopment funding to ensure that the interests of the entire community are appropriately considered.

ENVIRONMENTAL REVIEW

Environment review is not required.


Carol Augustine, Finance Director


William L. McClure, City Attorney

ATTACHMENTS: Resolution electing to serve as the Successor Agency of the Community Development Agency of the City of Menlo Park

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK TO EXPRESS ITS INTENT TO SERVE AS THE SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK PURSUANT TO HEALTH AND SAFETY CODE SECTION 34171(j) AND SECTION 34173, AND TO ELECT TO RETAIN THE HOUSING ASSETS AND FUNCTIONS PREVIOUSLY PERFORMED BY THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK PURSUANT TO HEALTH AND SAFETY CODE SECTION 34176

WHEREAS, Assembly Bill 1X 26 (the "Dissolution Act") and Assembly Bill 1X 27 (the "Alternative Redevelopment Program Act") were enacted on June 28, 2011, to significantly modify the Community Redevelopment Law (Health & Safety Code §33000, et seq.; the "Redevelopment Law"); and

WHEREAS, on August 11, 2011, the California Supreme Court agreed to review the California Redevelopment Association and League of California Cities' petition challenging the constitutionality of the Redevelopment Restructuring Acts; and

WHEREAS, on December 29, 2011, the California Supreme Court ruled that the Dissolution Act is largely constitutional and the Alternative Redevelopment Program Act is unconstitutional; and

WHEREAS, the Court's decision means that all California redevelopment agencies will dissolve on February 1, 2012 pursuant to the Dissolution Act; and

WHEREAS, the Dissolution Act provides that the city that authorized the creation of the redevelopment agency shall be the "successor agency" to the dissolved redevelopment agency unless the city elects not to serve as the successor agency under Section 34173(d)(1) of the Redevelopment Law; and

WHEREAS, Section 34176(a) of the Redevelopment Law provides that the city that authorized the creation of a redevelopment agency may elect to retain the housing assets (other than fund balance) and functions previously performed by the former redevelopment agency; and

WHEREAS, the City of Menlo Park (the "City") intends to, and shall serve as, the successor agency for the Community Development Agency of the City of Menlo Park (the "Agency") in accordance with Section 34171(j) and Section 34173 of the Redevelopment Law; and

WHEREAS, the City desires to elect to retain the housing assets and functions previously performed by the Agency in accordance with Section 34176 of the Redevelopment Law.

NOW, THEREFORE, BE IT RESOLVED, that the City hereby accepts the designation, and hereby declares its intent, to serve as the successor agency for the Agency in accordance with Section 34171(j) and Section 34173 of the Redevelopment Law; and

BE IT FURTHER RESOLVED, the City hereby elects to retain the housing assets and functions previously performed by the Agency in accordance with Section 34176 of the Redevelopment Law; and

BE IT FURTHER RESOLVED, that the City Manager or the City Manager's designee is hereby directed to file a copy of this resolution with the County Auditor-Controller; and

BE IT FURTHER RESOLVED, that the City Manager or the City Manager's designee is hereby authorized to take such additional actions, and to execute all documents necessary and appropriate, for the City to transfer the assets of the Agency to the City in its capacity as successor agency to the Agency, pursuant to Sections 34175 and 34176 of the Redevelopment Law.

PASSED AND ADOPTED at a regular meeting of the Menlo Park City Council on the tenth day of January 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park on this tenth day of January 2012.

Margaret S. Roberts, MMC
City Clerk



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: January 10, 2012

**Staff Report #: 12-001
Agenda Item #: F-5**

REGULAR CALENDAR: Appoint City Council representatives and alternates to various regional agencies, City advisory bodies and Council sub-committees

RECOMMENDATION

Staff recommends that the City Council make its appointments to the various regional agencies, liaison assignments to each of the City advisory bodies and Council Sub-Committees.

BACKGROUND

Each year, after the reorganization of the City Council, the Council appoints its various members to represent the city on certain committees with outside agencies. A list of those agencies, including a brief description of each agency's purpose and respective meeting schedule, is included in Attachment A.

On December 14, 2010, the Council determined that the assignments to the Finance and Audit Committee, for consistency, would be two (2) years. Mayor Cline was given a one-year term and Council Member Ohtaki was given a two-year term in order to alternate appointments. Assignments to all other commissions are one-year appointments. At the Council meeting of December 13, 2011, the Council deferred this item due to the size of the agenda.

Also included for your review is a current list of all of the Council Sub-Committees with the date the current appointments were made or reaffirmed. The Council may wish to either reaffirm or change the composition of the 2011 sub-committee assignments.

The San Mateo Council of Cities bylaws require the Mayor to be the voting member. The Mayor is usually also the representative for the Association of Bay Area Governments (ABAG). Typically the Mayor and Mayor Pro Tempore have been assigned to the Menlo Park School District sub-committee.

Two additional sub-committees were formed in 2009-2011 to provide input on housing issues and on the Safe Routes to School for Laurel Elementary School. The issues have been addressed so those two Council sub-committees have been deleted from the list.

IMPACT ON CITY RESOURCES

There is no impact on City resources associated with this action outside of any associated membership dues, meeting related expenses, and/or staff assistance required and budgeted.

POLICY ISSUES

The proposed action is consistent with City Policy.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.



Margaret S. Roberts, MMC

City Clerk

Report Author

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS:

- A – 2010 List of appointment to outside agencies
- B – 2010 List of City Council liaisons to the City's advisory bodies
- C – City Council Sub-Committee Appointment List
- D – Form with all of the vacancies

**CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES
(Approved on December 14, 2010)**

Name:	Airport Community Roundtable
Description:	Eighteen cities, the operator of San Francisco International Airport (SFO) the City and County of San Francisco and the County of San Mateo comprise the Roundtable, a voluntary public forum established in 1981 for the discussion and implementation of noise mitigation strategies at SFO.
	Current Representative and Alternate Richard Cline, Representative Andrew Cohen, Alternate
	Frequency of meetings First Wednesday of each month at 7:00 p.m.
	Membership Cost: \$1,500 Website: www.sforoundtable.org

Name:	Association of Bay Area Governments (ABAG)
Description:	The Association of Bay Area Governments is comprised of the 100 cities in the nine counties and is one of the more than 560 regional planning agencies across the nation working in areas such as land use, housing, environmental quality and economic development.
	Current Representative and Alternate (Usually the Mayor) Richard Cline, Representative Peter Ohtaki, Alternate
	Frequency of meetings Generally, the General Assembly meets twice a year, usually in April and October.
	Membership Cost: \$5,014 Website: www.abag.ca.gov

Name:	Bay Area Water Supply and Conservation Agency (BAWSCA) and San Francisco Regional Water System Financing Authority (SFA)
Description:	BAWSCA represents the interests of 26 cities and water districts and two private utilities, which purchase water wholesale from the San Francisco Public Utilities Commission.
	Current Representative and Alternate Kelly Fergusson, Representative term expires 06/2013 (Position is not dependent on being a Council Member / may serve regardless of being on the Council.) This appointment made at the City Council meeting of 05/19/2009.
	Frequency of meetings Third Thursday of every other month at 7:00 p.m. (Location central to the three-county district, and not necessarily the same location each month)
	Membership Cost: \$41,824 Website: www.bawasca.org or www.midpeninsulawater.org

Name: City/County Association of Governments of San Mateo County (C/CAG)

Description: C/CAG deals with issues involving transportation, air quality, storm water runoff, hazardous waste, solid waste and recycling, land use near airports, and abandoned vehicle abatement.

Current Representative and Alternate
 Kirsten Keith, Representative Peter Ohtaki, Alternate

Frequency of meetings
 Second Thursday of each month from 6:30 – 8:30 p.m.

Membership Cost: \$9,872

Name: County of Santa Clara Community Resources Group for Stanford University

Description: The Stanford University Community Resource Group (CRG) is composed of 8-12 members. This group serves as a mechanism for information exchange and perspectives on Stanford development issues. Members are appointed by the County Planning Director in consultation with the District 5 Supervisor.

Current Representative and Alternate
 Richard Cline, Representative Andrew Cohen, Alternate

Frequency of meetings
 March, June, September and December

Membership Cost: \$0

Name: Dumbarton Rail Policy Committee

Description: The Dumbarton Rail Corridor Project will extend commuter rail service cross the South Bay between the Peninsula and the East Bay. When the service starts in 2012, the rail corridor will link Caltrain, the Altamont Express, Amtrak’s Capitol Corridor and BART, as well as East Bay bus systems, at a multi-modal transit center in Union City.

Current Representative and Alternate
 Kelly Fergusson, Representative Kirsten Keith, Alternate

Frequency of meetings
 Approximately every quarter on Tuesday afternoons

Membership Cost: \$0 **Website:** www.smcta.com/Dumbarton_Rail/information.asp

Name: **Emergency Services Council (San Mateo County Joint Powers Authority)**

Description: Oversees the emergency planning, training and exercises in the various cities and reviews and recommends policies, programs and plans for adoption.

Current Representative and Alternate
 Peter Ohtaki, Representative Richard Cline, Alternate

Frequency of meetings
 Meets on a quarterly basis on Thursdays from 5:00 – 7:00 p.m.

Membership Cost: \$0

Name: **Grand Boulevard Task Force**

Description: The Grand Boulevard is a collaboration of 29 cities, counties, local and regional agencies united to improve the performance, safety and aesthetics of El Camino Real. Starting at the northern Daly City city limit (Where it is names Mission Street) and ending near the Diridon Caltrain Station in central San Jose (Where it is named The Alameda), the initiative brings together for the first time all of the agencies having responsibility for the condition, use and performance of the street.

Current Representative and Alternate
 Peter Ohtaki, Representative Kirsten Keith, Alternate

Frequency of meetings
 Quarterly

Membership Cost: \$0 **Website:** www.elcaminoreborn.com

Name: **Housing Endowment and Trust of San Mateo County (HEART)**

Description: Created in February 2002 to further development of countywide workforce housing; to provide collective public/private focal point for workforce housing development and to raise capital for development of workforce housing. City Selection Committee Appointment which will expire February 28, 2011

Current Representative and Alternate
 Kirsten Keith, Representative Andrew Cohen, Alternate

Frequency of meetings
 Meets occur on the fourth Wednesday of each month at 3:00 p.m.

Membership Cost: \$0

Name: League of California Cities (Peninsula Division)

Description: Comprised of the 36 San Francisco to Gilroy, division members work together through the League to identify priorities on issues that impact on the quality of life in our communities, our region and our state.

Current Representative and Alternate
 Andrew Cohen, Representative Kelly Fergusson, Alternate

Frequency of meetings
 The Peninsula Division holds four (4) meetings a year, with an occasional special meeting as warranted. Division dinners are open to all division members.

Membership Cost: \$100 **Website:**

Name: Menlo Park Chamber of Commerce / City Liaison Position

Description: The purpose of the Menlo Park Chamber of Commerce is to create an atmosphere in which business prospers and the community thrives.

Current Representative and Alternate
 Richard Cline, Representative Peter Ohtaki, Alternate

Frequency of meetings
 Third Thursday of the month from 7:30 – 9:30 a.m. The exceptions are the July and November meetings – July is the last Thursday and November is a planning session meeting on a Friday from 8:00 a.m. – 5:00 p.m.

Membership Cost: \$1,843

Name: Peninsula Cities Consortium

Description: Cities along the Peninsula have joined together to provide input into the process of reviewing and constructing the high speed rail project between San Francisco and San Jose. Although each city faces unique and specific location challenges, all Peninsula cities share many similar concerns and the strong underlying belief that particular care must be taken to integrate high speed rail into the living fabric of the Peninsula.

Current Representatives
 Richard Cline, Representative Kelly Fergusson, Representative

Frequency of meetings
 Monthly

Membership Cost: \$0 **Website:** peninsularail.com

Name: 2020 Peninsula Gateway Corridor Study Policy Committee

Description: The City/County Association of Governments (C/CAG), together with the Santa Clara Valley Transportation Authority (VTA), and the San Mateo County Transportation Authority (SMCTA), are sponsoring a study to identify potential roadway-related solutions that can reduce traffic congestion in the study area.

Current Representative and Alternate
 Andrew Cohen, Representative Kirsten Keith, Alternate

Frequency of meetings
 Approximately every two months at Menlo Park City Hall at 2:00 p.m.

Membership Cost: \$0

Name: Regional Housing Needs Assessment (RHNA) Policy Advisory Committee

Description: The City/County Association of Governments (C/CAG), along with all cities in San Mateo county formed a sub-region to undergo the process to establish realistic housing allocations among the sub-region for use in the next housing element that is due in 2012.

Current Representative and Alternate
 Andrew Cohen, Representative Peter Ohtaki, Alternate

Frequency of meetings

Membership Cost: \$0 – There is no increase in membership fees paid to C/CAG

Website:

Name: San Francisquito Creek Joint Powers Authority (JPA)

Description: The San Francisquito Creek JPA is an agency empowered to protect and maintain the 14-mile San Francisquito Creek and its 45 square-mile watershed and address concerns regarding flooding and environmental preservation.

Current Representative and Alternate
 Kirsten Keith, Representative Peter Ohtaki, Alternate

Frequency of meetings
 Fourth Thursday of each month at 6:00 p.m. in the Menlo Park Council Chambers.

Membership Cost: \$98,664

Website: www.cityofpaloalto.org/knowzone/city_projects/environmental/jpa/default.asp

Name: San Mateo Council of Cities

Description: The San Mateo County elected officials meet once a month to discuss issues of interest and usually a speaker is part of the program.

Current Representative and Alternate (Bylaws require the Mayor to be the voting member however, all Councilmembers are welcome to attend)

Richard Cline, Representative

Kirsten Keith, Alternate

Frequency of meetings

Usually meets on a Friday towards the end of the month.

Membership Cost: \$0

**CITY COUNCIL LIAISONS TO THE CITY'S ADVISORY BODIES
(Approved at the December 14, 2010 Council Meeting)**

Name: **Bicycle Commission**

Current Representative
Richard Cline

Meeting schedule: Meetings are the 2nd Monday of every month at 7:00 p.m. in the Administration Conference Room

Name: **Environmental Quality Commission**

Current Representatives
Kelly Fergusson

Meeting schedule: Meetings are the 1st Wednesdays of every month at 6:30 p.m. in the Cypress Room of the Arrillaga Family Recreation Center

Name: **Finance & Audit Committee**

Current Representatives
Peter Ohtaki and Richard Cline

Meeting schedule: Quarterly and as needed in the Administration Conference Room

Name: **Housing Commission**

Current Representative
Andrew Cohen

Meeting schedule: Meetings are the first Wednesday of every month at 5:30 p.m. in the City Council Conference Room

Name: **Library Commission**

Current Representatives
Kirsten Keith

Meeting schedule: Meets the 2nd Monday of every month at 6:30 p.m. in the Menlo Park Library, lower level conference room

Name: **Parks & Recreation Committee**

Current Representatives

Richard Cline

Meeting schedule: Meetings are held the 3rd Wednesday of every month at 6:30 p.m. at the Arrillaga Family Recreation Center

Note: This meeting is held quarterly at the Onetta Harris Community Center

Name: **Planning Commission**

Current Representative

Andrew Cohen

Meeting schedule: The Planning Commission’s regular meetings are scheduled twice a month on Mondays at 7:00 p.m.

Name: **Transportation Commission**

Current Representatives

Peter Ohtaki

Meeting schedule: Meetings are held the 2nd Wednesday of every month at 7:00 p.m. in the Menlo Park Council Chamber

Name: High Speed Rail Policymaker Working Group

Current Representatives

Richard Cline and Kelly Fergusson

Appointment: 01/13/2009

Reaffirmed: 12/15/2009

Reaffirmed: 12/14/2010

Name: Menlo Park Fire District

Current Representatives

Richard Cline and Peter Ohtaki

Appointment: 12/14/2010

Name: Menlo Park School Districts (Liaisons)

- Menlo Park City of Menlo Park School District
- Sequoia Union High School District
- Los Lomas Elementary School District
- Ravenswood City School District

Current Representatives

Richard Cline and Kirsten Keith

Appointment: 12/14/2010

CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES

NAME OF REGIONAL COMMITTEE	REGULAR	ALTERNATE
Airport Community Roundtable		
Association of Bay Area Governments (ABAG)	Mayor	
Bay Area Water Supply & Conservation Agency (BAWSCA) and San Francisco Regional Water System Financing Authority (SFA)	Kelly Ferguson (Term ends 06/2013)	Not Needed
City/County Association of Governments of San Mateo County (C/CAG)		
County of Santa Clara Community Resources Group for Stanford University		
Dumbarton Rail Policy Committee		
Emergency Services Council (San Mateo County JPA)		
Grand Boulevard Task Force		
Housing Endowment and Trust of San Mateo County (HEART)		
League of California Cities (Peninsula Division)		
Menlo Park Chamber of Commerce / City Liaison Position		
Peninsula Cities Consortium (PCC)		
2020 Peninsula Gateway Corridor Study Policy Committee		
San Francisquito Joint Powers Authority		
San Mateo Council of Cities	Mayor	

CITY COUNCIL LIAISONS TO THE CITY'S ADVISORY BODIES

Bicycle Commission		Not Needed
Environmental Quality Commission		Not Needed
Finance & Audit Committee	Ohtaki - 1 year remaining	
Housing Commission		Not Needed
Library Commission		Not Needed
Parks & Recreation Commission		Not Needed
Planning Commission		Not Needed
Transportation Commission		Not Needed

COUNCIL SUB-COMMITTEES

Business Development		
Community Grant Funding		
El Camino Real Downtown Visioning & Planning Process		
Emergency Operations		
Facebook	Kirsten Keith	Rich Cline
High Speed Rail		
High Speed Rail Policymaker Working Group		
Menlo Park Fire district		
Menlo Park School Districts (Liaisons)		



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: January 10, 2012
Staff Report #: 12-008

Agenda Item #: F-6

REGULAR BUSINESS: **Selection of a Date for City Council Goal Setting**

RECOMMENDATION

Staff recommends that the City Council approve either Friday January 27th or February 10th for City Council to meet to focus on setting Goals with specific outcomes.

BACKGROUND

The City Council met three times in late 2009 and early 2010 to set Goals for the coming two years. With the selection of a new Mayor, a Council Goal setting session early in 2012 would facilitate an opportunity to focus staff efforts in the areas of key importance to the City Council. Copies of the Goals achieved during the last Goal Setting session are attached.

ANALYSIS

Mayor Kirsten Keith proposes holding a Goal setting session on: Friday morning, January 27th or Friday morning February 10th from 8:30 am to 11:30 am. The purpose of this agenda item is to identify the availability of the City Council for those dates or if an alternative date would be preferable.

IMPACT ON CITY RESOURCES

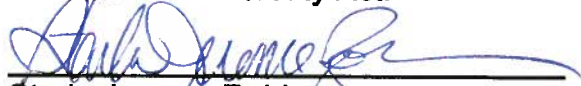
Adopted Goals with focused deliverables or outcomes will align the staff efforts with desired outcomes by the full City Council.

POLICY ISSUES

Goal setting session help provide an opportunity to keep the organization focused on the Council's highest policy priorities.

ENVIRONMENTAL REVIEW

Approval of the project and budget are not deemed a project under the California Environmental Quality Act.



Starla Jerome-Robinson
Interim City Manager

PUBLIC NOTICE: Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

ATTACHMENTS

A – Council Goal Deliverables 2010 Update

Council Goal Deliverables 2010 Update

Ongoing Goal	2009 Deliverables	Progress Report – December, 2009	Proposed 2010 Deliverables
<p>1. Vibrant and resilient economy supporting a sustainable budget. Promote a desirable level of economic growth to maintain an economically vibrant and sustainable community through implementing a comprehensive community supported business development plan. Develop a collaborative community vision to increase economic vitality for under-utilized land, while honoring the needs of the neighboring community and the property owners.</p>	<p>Engage the M-2 business community in a discussion of factors necessary for retention, facilitate future growth, and foster revenue producing commercial opportunities. Develop and prioritize a list of potential zoning ordinance and review process changes supporting retention and growth of existing businesses, attracting new businesses and promoting revenue producing opportunities.</p>	<p>Conducted business roundtable in conjunction with development of the RIP (full round-table deferred until Spring `10).</p> <ul style="list-style-type: none"> Facilitated high visibility outreach with elected officials to make important business connections Worked with Planning on zoning and permitting issues 	<ul style="list-style-type: none"> Conduct meetings with each economic activity center's (EAC) property and business owners Continue focus on major property / business owners to ensure business retention & attraction revenue opportunities are identified and acted upon (Oracle / Sun, GM, AMB, Tyco, Willow Business Park, Gateway) Roll results of EAC meetings into a full M-2 roundtable forum
	<p>Present a list of potential changes in the zoning ordinance which could include commercial zoning regulations appropriate to that neighborhood or area of the City. Look at other community best practices and stream line models to propose appropriate changes.</p>	<p>Met with Community development staff in Sunnyvale and San Jose to develop a better understanding of how their process works</p> <ul style="list-style-type: none"> Met with local developers to discuss what was learned and how it might be applied in Menlo Park 	<p>Develop list of business "needs and wants" for process streamlining for integration into the Planning Department's Strategic Plan for further policy development; include concepts from previous work. Requires policy decisions to remove controls & increase staff discretion</p>
	<p>Launch the new Business Development Subcommittee by clarifying its role and determining its assignments in support of Business Development.</p>	<p>Committee initiated on 3/9/09. Council Guidelines were set; meeting schedule established</p> <ul style="list-style-type: none"> Committee has met monthly since inception; 16 additional business retention meetings with key property and business owners were held Developed a Business Resource Guide for use in attracting new bus. 	<ul style="list-style-type: none"> Continue monthly BD subcommittee meetings, bi-weekly business retention meetings Continue developing cross –departmental economic development coordination w/ BD Analyze revenue trends by economic sub area & use info to focus retention efforts/revise strategies

	<p>Develop and submit to Council fiscal policies supporting long-term fiscal sustainability, starting with FY 2009/10.</p>	<ul style="list-style-type: none"> • Cost Recovery/Subsidization and GF Reserve policies presented 3/09 study session; GF reserve brought back 6/16/09; to FA Comm for comment. • Pyramid of strategies used for 09/10 budget <ul style="list-style-type: none"> ○ Strategic cost reductions ○ No tax increase ○ Balanced budget • 2010 and Beyond – comprehensive organizational review 	<ul style="list-style-type: none"> • Policies to be informed by Council decisions re fee schedule in March. Meet with Mayor to determine direction for proceeding with policies • Continue this approach for 10/11 budget <ul style="list-style-type: none"> □ Present “balanced and sustainable budget” □ CAMP review by Commissions in February □ Draft final CAMP to Council in March • Final progress report presented 12/08 goal-setting session
Ongoing Goal	2009 Deliverables	Progress Report – December, 09	Proposed 2010 Deliverables
<p>2. Future focused planning and Visioning supporting a high quality of life Proactively plan for the future direction for the City’s growth, development, & public investments by implementing a public outreach process to define values, goals, and policies addressing the Community’s future vision and updating appropriate planning documents to reflect the vision.</p>	<p>Maintain the ECR / Downtown Specific Plan project on time and budget with continued significant engagement by downtown stakeholders.</p>	<ul style="list-style-type: none"> • Conducted a broad, transparent, and inclusive process • Held three community workshops to understand opportunities/ constraints, review alternative plan elements, and provide input on the "emerging plan," with record meeting participation • Held numerous check-ins with the project Oversight and Outreach Committee, Planning Commission, and City Council, resulting in substantive improvements to the draft plans • Commenced work on the Draft Specific Plan and Environmental Impact Report (EIR) • Provided ongoing support to Council subcommittee; support from Depts. 	<ul style="list-style-type: none"> • Release Draft Specific Plan and EIR for public review • Conduct detailed review sessions with the project Oversight and Outreach Committee, Planning Commission, and City Council • Revise Draft Specific Plan and EIR in response to comments/direction; release Final Specific Plan and EIR • Approval of Specific Plan and relevant actions • Continue to meet (or exceed) existing standards for community engagement

	<p>Submit to Council a recommended planning approach for M-2 land use to support future decisions about housing, transit, commercial development, and research and development businesses improving the area's sense of community & quality of life.</p>	<ul style="list-style-type: none"> • Presented Council alternatives and recommended approach to the renovation M2 zoned properties (WBA) on March 31; received Council direction to (1) pursue a coordinated review of applicant-sponsored development proposals, (2) pursue continued grant funding from MTC and the San Mateo County Transportation Authority for station planning efforts in conjunction with the coordinated review of applicant-sponsored development proposals and in lieu of proceeding with the Dumbarton Transit Station Area Specific Plan, and (3) conduct outreach by the Mayor and Vice Mayor to key stakeholders. • Met in June with MTC to discuss the approach to planning for the area and potential of retaining grant funding. • Submitted a revised proposal to MTC for use of funding; MTC requested additional information • BD/CD meeting in July with key property owners interested in redevelopment; obtained tentative agreement to pursue a coordinated land use entitlement effort; owners committed to submit detailed proposals to initiate project 	<ul style="list-style-type: none"> • Continue to pursue MTC grant funding for transit station planning in the Willow Road vicinity • Continue to work with the three major property owners to finalize detailed development proposals • If proposals are received, initiate a transportation study to determine level of environmental review; begin process. (If City does not receive proposals from all property owners, staff will return with modified approach enabling property owners who are ready to move forward. Timeline dependant on # & scope of proposals.)
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		review. Multiple meetings held with individual property owners to discuss development proposals and refine development concepts; to date one owner has submitted a detailed proposal and a second intends to submit a proposal in January 2010.	
	Implement Redevelopment Area Implementation Plan	RIP completed prior to statutory deadline & under budget. Unprecedented comm. engagement.	Complete specific projects in the RIP on time and on budget
			<input type="checkbox"/> Planning strategic plan completed <ul style="list-style-type: none"> o Address Healthy Cities concepts
	Submit Climate Action Plan to Council including recommendations for implementation based on current financial status.	<ul style="list-style-type: none"> • Climate action plan reviewed by all commissions and approved by Council • Climate projects selected and included with project priority process include: • Extension of Green@Home Program • Grant funding search for Climate coordinator • CAP Supplemental Research • Street Tree Reforestation Program 	<ul style="list-style-type: none"> • Complete CAP Supplemental Research to consider additional projects for 10/11 • Council consideration of pursuing early adoption of the State Green Building Codes • Council decisions on how to fund green projects included as part of 2010-11 budget process
	Maintain reasonable progress on recreation facilities improvement projects: <ul style="list-style-type: none"> o Prepare Kelly Park design for bidding, o Complete Burgess Gym EIR process and initiate design 	<ul style="list-style-type: none"> • Burgess Gym EIR completed and certified • Design complete with building permits pending • Kelly Park design 85% complete 	<ul style="list-style-type: none"> • Burgess Gym construction complete • Kelly Park construction complete
	Maintain progress on the Bohannon Marriot / Menlo Gateway project	<ul style="list-style-type: none"> • Draft EIR and Draft FIA released July 2009 • 12 public meetings held on 	The Final EIR and Final FIA are targeted for release in February 2010, along with the draft Development Agreement term sheet. Based

		<p>the proposal.</p> <ul style="list-style-type: none"> • Council authorized the City Manager to enter into good-faith negotiations with the developer on the Development Agreement. 	<p>on the current schedule, the Council would make a final decision on the project in May or June 2010.</p>
	<p>Develop High Speed Rail information for Council to achieve their desired outcome</p>	<ul style="list-style-type: none"> • Co-hosted H S R Design Charette • Adopted a Statement of Principles • Actively participated in Biweekly PCC meetings • Established preferred alternative for HSR vertical alignment 	<p>Develop “business plan” to consider resources necessary to support Council goals</p>
			<p>Focus programs and services in Belle Haven on improving quality of life</p> <ul style="list-style-type: none"> • Hamilton Ave East General Plan and Zoning Amendments and environmental review complete • Terminal Ave site alternatives analyzed; final use decided • Restructure CS to increase community engagement • Complete and occupy the new Police Substation • Brainstorm ways to undertake a comprehensive plan for Haven area future given staff resource constraints - depending upon disposition of RWC Cargill project
Ongoing Goal	2009 Deliverables	Progress Report – December, 09	Proposed 2010 Deliverables
<p>3. Regional focus creating synergy of efforts on issues of mutual interest Provide technical expertise and staff support to Council as they leverage regional partnerships with all levels of</p>	<p>Support Council in focusing attention on issues related to BAWSCA</p>	<ul style="list-style-type: none"> • Entered long-term water supply contract with the SFPUC • Coordinated design and right-of-way issues for the Bay Division 5 Project with the SFPUC 	<p>Continue support to Council in focusing attention on issues related to BAWSCA</p> <ul style="list-style-type: none"> • Make substantial progress on drought allocation plan • Implement water conservation features of new state ordinance

government including the Tri-City collaboration, San Mateo County, bodies (Association of Bay Area Governments, Schools, and the Bay Area Water Supply and Conservation Agency), the State and Federal Government.	Support Council in focusing attention on issues related to Caltrain	<ul style="list-style-type: none"> Coordinated Menlo Park pedestrian crossing improvements project (under construct) at all MP crossings Worked to alleviate increased horn noise issue 	Continue support to Council in focusing attention on issues related to Caltrain
	Support Council in focusing attention on issues related to SBWMA	<ul style="list-style-type: none"> Completed 10 year collections contract procurement process Completed 10-year Shoreway operations contract Completed bond issue for Shoreway Recycling Center Recon 	Continue support to Council in focusing attention on issues related to SBWMA <ul style="list-style-type: none"> Complete outreach plan for new recycling services that begin in January 2011
	Support Council in focusing attention on issues related to Fire District	In October the Fire Protection District adopted an ordinance making local amendments to the CA Fire Code, specifically related to fire sprinklers (reflects feedback from Council's Sept. study session). District staff and legal counsel and City staff and the City Attorney worked collaboratively on preparing the Ordinance.	Continue support to Council in focusing attention on issues related to the Fire District <ul style="list-style-type: none"> Bring the fire sprinkler ordinance to Council for approval at the January 26, 2010 meeting Work with the Fire District to ensure Menlo Park has a NIMS compliant Emergency Operations Plan by December 30, 2010. Participate in on-going training with the Fire District and surrounding agencies in emergency response to disasters. Provide ABAG on-going information to update the Multi-Jurisdictional Hazard Mitigation Plan.
	Support Council in focusing attention on issues related to Tri-City Collaboration	Support ongoing meetings	Continue support to Council on focusing attention on Tri City Collab. <ul style="list-style-type: none"> Develop a business plan for a community based citizen response program and present to Council for action
	Support Council in focusing attention on issues related to School Districts	<ul style="list-style-type: none"> Supporting programming at MAPAC Worked with MPCSD on Oak Knoll encroachment permits 	Continue to support Council in focusing attention on issues related to school districts <ul style="list-style-type: none"> Develop a funding agreement for City Council and School Board consideration

	<ul style="list-style-type: none"> Working with MPCSD on contribution to Hillview field and reconfiguration of Tinker Park Completed Safe Routes to Encinal School plan with Ravenswood SD re community school and library 	for a City contribution towards field improvements and Tinker Park relocation at Hillview Middle School
Support Council in focusing attention on issues related to MERC (both Tech and Policy groups)	Support ongoing meetings	Continue to support Council in issues related to MERC
ABAG	Support ongoing meetings	Continue to support Council in focusing attention on issues related to ABAG
Support Council in focusing attention on issues related to San Francisquito Creek JPA	<p>Agreements with Caltrans for reconstruction of Highway 101 bridge</p> <ul style="list-style-type: none"> Contracts awarded for design and environmental review of a flood protection project below 101 	<p>Continue to support Council in focusing attention on issues related to San Francisquito Creek JPA</p> <ul style="list-style-type: none"> Work with JPA to identify construction funding for improvements below Highway 101 Work with JPA to evaluate alternatives for Creek improvements between Highway 101 and Middlefield Road
Implement Federal Stimulus Funds, if approved	<p>Received \$635,000 for street resurfacing – project complete to repave portions of Monte Rosa Dr., Live Oak and Haven Ave.</p> <ul style="list-style-type: none"> Grant application complete for Energy efficiency Block Grant Program (\$163,000) for LED street light retrofit 	Complete LED street light retrofit program
Support Council in focusing attention on issues related to law enforcement (San Mateo County Gang Task Force, San Mateo County Narcotics Task Force)	<ul style="list-style-type: none"> MPPD participate in regional efforts on an ongoing basis Maintenance phase is a one week deployment per month November – May and a full time summer deployment (June– August) for Gang TF Full-time detective assigned to County Narcotics TF 	Continue support to Council in focusing attention on issues related to law enforcement (San Mateo County Gang Task Force, San Mateo County Narcotics Task Force)

	Support Council in focusing attention on issues related to economic development stimulation (Joint Venture / Silicon Valley Economic Development Alliance – SVEDA)	Although this item was not a Council –approved deliverable in 2009, building on existing regional connections with elected officials will benefit MP and the region	Continue to involve Council in focusing attention on issues related to economic development stimulation for MP and the region
	Deal with issues related to the State budget situation	Monitoring RDA take-away situation <ul style="list-style-type: none"> • Participated in Prop 1A loan back 	Continue to monitor situation and address issues as needed

Other

- Trees for Menlo
- Sidewalks on Santa Cruz
- Sign Ordinance
- Smoking Ordinance (coming back to Council in February)