



MEMORANDUM

To: Mayor and City Council members

From: Christopher A. Callihan, City Attorney *CAE*

Cc: Ray Corpuz, City Manager

Date: November 2, 2018

Re: Misinformation Regarding Measure X Total Road Improvement Program (TRIP) Financing

In recent weeks, misinformation has been spread regarding the action taken by the City Council on January 9, 2018, regarding Measure X Funding and the Total Road Improvement Program (TRIP) Financing. This Memorandum is provided to clear up misconceptions about the City Council's action. **The City has not filed a lawsuit against the City's residents regarding Measure X. The City has not "sold its \$102 million tax measure for \$30 million and wasted \$72 million."**

Judicial Validation Process.

The validation complaint under Code of Civil Procedure **is not a lawsuit against City residents.** The validation complaint is a public disclosure to notify everyone and anyone who is interested the approach under which the City issued the Certificates of Participation (bonds) to pay for Measure X-related projects. The validation complaint gave everyone and anyone the opportunity to challenge the City's approach and asked the court to confirm that the procedures undertaken by the City are consistent with the California Constitution and state law. No one challenged the City's approach and the court confirmed the constitutionality of the City's procedures and issued a judgment validating the City's approach.

Measure X Revenues.

The City has not "given up" or "wasted" Measure X revenues. **The City will receive all of the Measure X revenues it expects to receive.** As discussed during the City Council's January 9, 2018 Public Hearing and in the judicial validation process, the City will receive all of the Measure X revenues it expects to receive over the life of Measure X. Only a portion of those revenues will be used to repay the bonds. The remainder of revenues the City will receive each year can be used by the City on a pay-as-you-go basis for Measure X-eligible projects.

The City and its residents benefit from this transaction because the City received \$40.6 million on July 18, 2018 to be used only for Measure X-eligible projects. This means that the City can complete more projects now and improve the condition of the City now. In addition to the \$40.6 million the City already received to make improvements throughout the City, the City will continue to receive annual Measure X revenues for each year of the life of the measure. Those annual revenues can be used for additional Measure X-eligible projects as they come up, so the City will have an on-going stream of Measure X revenues available to continue to make improvements throughout the City.

I hope this clears up the misconceptions about the actions taken by the City Council with respect to Measure X. Please let me know if there are additional questions or if you need additional information.