City of Culver City, California

Agenda Item Report

Meeting Date: 02/09/2015	Item Number: C-2
CITY COUNCIL AGENDA ITEM: Adoption of a Resolution Directing the Transfer of Bond Proceeds Specified in the Master Agreement Between the City and the Successor Agency to the Culver City Redevelopment Agency.	
Contact Person/Dept.: Jeff Muir Finance Department	Phone Number: 310-253-5865
Fiscal Impact: Yes [X] No []	General Fund Yes [] No [X]
Public Hearing: [] Action Item: []	Attachments: [X]
Commission Action Required: Yes [] No [x]	Date: ________________
Public Notification: (E-Mail) Meetings and Agendas – City Council (02/04/15).	
Departmental Approval: Jeff Muir (01/28/15)	City Attorney Approval: Carol Schwab (by H. Baker) (02/02/15)
Chief Financial Officer Approval: Jeff Muir (01/28/15)	City Manager Approval: John M. Nachbar (02/03/15)

RECOMMENDATION:

Staff recommends the City Council adopt a resolution directing the transfer of bond proceeds specified in the Master Agreement between the City and the Successor Agency to the Culver City Redevelopment Agency (Successor Agency).

BACKGROUND:

Pursuant to authority granted under the California Community Redevelopment Law (CRL), the former Culver City Redevelopment Agency (former CCRA) had responsibility to implement the amended and restated Redevelopment Plan for the Culver City Redevelopment Project (Redevelopment Plan) for the Culver City Redevelopment Project Area (Project Area).

The former CCRA issued Tax Allocation Refunding Bonds, 1999 Series A, in the principal amount of $31,940,000 (1999 Bonds) and Tax Allocation Bonds, 2002 Series A, in the principal amount of $28,280,000 (2002 Bonds). The bond documents state that the bonds are required to be used to provide financing for, among other things, "a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities, and commercial rehabilitation grants."

Pursuant to Assembly Bill No. 26 (2011-2012 1st Ex. Sess.), the City agreed to serve as the Successor Agency commencing upon dissolution of the former CCRA on February 1, 2012.

California Health and Safety Code Section 34191.4(c) provides that once a finding of completion (FOC) has been issued by the California Department of Finance (DOF), a successor agency is authorized to use bond proceeds for the purposes for which the bonds were sold. Such successor agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes on or before December 31, 2010 that remain available after the satisfaction of enforceable obligations that have been approved on a Recognized Obligation Payment Schedule (ROPS) and that are consistent with the indebtedness obligation covenants (Bond Proceeds). The DOF issued an FOC to the Successor Agency on December 5, 2013.

The Bond Proceeds have been transferred to the City. As of May 31, 2014, the following amounts of Bond Proceeds were available: (i) 1999 Bonds: $2,772,076 and (ii) 2002 Bonds: $13,965,558.

On June 23, 2014 the Successor Agency and the City entered into a Master Agreement in order to use the Bond Proceeds for the purposes identified in and consistent with the applicable indebtedness obligation covenants and the requirements of the CRL by providing for the City to retain the transferred Bond Proceeds and to use them for such purposes. On July 24, 2014, the Oversight Board adopted a resolution approving the Master Agreement, and DOF approval was received on September 3, 2014. Furthermore, the approved ROPS for the period of January through June 2015 includes an item authorizing the transfer of the Bond Proceeds to the City pursuant to the Master Agreement.

California Health and Safety Code Section 34167.5 requires the California State Controller to make findings and issue orders pertaining to certain asset transfers occurring after January 1, 2011.

DISCUSSION:

With DOF approval of the Master Agreement, the City is now deemed authorized to retain the transferred Bond Proceeds, and the City is required to hold such funds in a separate Bond Proceeds account for the City's use in accordance with the terms, conditions, and purposes set forth in the Master Agreement. The Bond Proceeds will be used solely for the purposes identified in the Master Agreement or for other projects consistent with the indebtedness obligation covenants and the provisions of the CRL that apply to the expenditure of redevelopment funds.

In order to harmonize the DOF-approved Master Agreement and ROPS with findings and orders required to be given by the California State Controller pursuant to California Health and Safety Code Section 34167.5, it is necessary for the remaining funds from the 1999 Bonds and 2002 Bonds to be transferred from the City to the Successor Agency before the Master Agreement is further implemented. After such transfer is completed, the Bond Proceeds will be transferred from the Successor Agency to the City, in accordance with the ROPS and in furtherance of the Master Agreement, for expenditure.

No subsequent DOF approval is required in order for the City to transfer the Bond Proceeds to the Successor Agency, for the Successor Agency to transfer the Bond Proceeds to the City, or for the City to expend the Bond Proceeds.

FISCAL ANALYSIS:

The City would transfer $2,772,076 in remaining 1999 Bond Proceeds and $13,965,558 in remaining 2002 Bond Proceeds to the Successor Agency. The Successor Agency would then transfer these amounts back to the City. There would be no net fiscal impact.

ATTACHMENTS:

Proposed Resolution.

MOTIONS:

That the City Council:

Adopt a resolution directing the transfer of bond proceeds specified in the Master Agreement between the City and the Successor Agency to the Culver City Redevelopment Agency.