City of Culver City, California

Agenda Item Report

Meeting Date: 08/26/2013	Item Number: C-2
SUCCESSOR AGENCY BOARD AGENDA ITEM: Adoption of Resolution Authorizing the Issuance of Tax Allocation Refunding Bonds, Series 2013A and Related Actions.	
Contact Person/Dept.: Jeff Muir, Finance	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 – Successor Agency (08/20/12)	
Department Approval: Jeff Muir (08/19/13)	Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (08/20/13)
Chief Financial Officer Approval: Jeff Muir (08/19/13)	Executive Director Approval: John Nachbar (08/20/13)

RECOMMENDATION:

Staff recommends the Successor Agency Board adopt a proposed resolution authorizing the issuance of its Tax Allocation Refunding Bonds, Series 2013A; approving a form of Sixth Supplemental Indenture, a form of Purchase Contract and a form of Continuing Disclosure Agreement; making certain related determinations and authorizing other related actions.

BACKGROUND:

On July 8, 2013, the Successor Agency Board adopted Resolutions required to proceed with refunding certain outstanding tax allocation bonds of the former Culver City Redevelopment Agency (Former CCRA). Such debt refundings are permitted under the Assembly Bill 1484 (the Redevelopment Elimination "clean up" Bill – AB 1484) as long as the term of the bonds stays the same, and no new debt is incurred. The estimated savings from this transaction will allow the Successor Agency access to additional funding to retire its required obligations and ultimately make more funding available for taxing entities which include the City of Culver City and the Culver City Unified School District (CCUSD).

The Oversight Board of the Successor Agency to the Culver City Redevelopment Agency adopted similar resolutions at a Special Meeting on July 11, 2013. The State Department of Finance has provided their approval of moving forward with this transaction.

DISCUSSION:

In October 1999, the Former CCRA issued $31,940,000 in 1999 Series A Tax Allocation Refunding Bonds to refund a portion of the 1989 Loans made to the Former CCRA by the Culver City Redevelopment Financing Authority and refund on a current basis certain outstanding bonds of the Authority (the 1989 Bonds), as well as fund certain redevelopment activities of benefit to the Former CCRA's Project Area. Currently, the Former CCRA has outstanding 1999 Series A bonds available for refunding (refinancing) of $19,225,000 ($1,170,000 of which mature on November 1, 2013).

In April 2002, the Former CCRA issued $28,280,000 in Tax Allocation Bonds, 2002 Series A to fund certain redevelopment activities of benefit to the Former CCRA's Project Area. Currently, the Former CCRA has outstanding 2002 Series A bonds available for refunding of $17,465,000 (of which $1,170,000 mature on November 1, 2013) for a total refunding of $36,690,000 in bonds.

AB 1484 permits successor agencies to refund outstanding bonds and other obligations of a former redevelopment agency which requires the approval of the Successor Agency, Oversight Board and the California Department of Finance.

Based on current market conditions, it is anticipated that the refunding of the Tax Allocation Refunding Bonds, 1999 Series A and the 2002 Series A Tax Allocation Bonds will produce an annual reduction in bond payments of approximately $274,000 and $180,000, respectively, for a total of $454,000 in annual savings as indicated in the debt service savings report. This same reduction in annual bond payments frees up additional property tax revenues for use by the Successor Agency or distribution to the affected taxing entities. To the extent these additional funds are distributed to taxing entities, this will result in an annual increase of approximately $59,000 in property tax revenues to the City, and approximately $105,000 to CCUSD.

The next step in moving forward with the refunding bonds requires the Successor Agency Board to adopt the attached resolution which includes the following actions:

1. Approves the issuance of bonds; and
2. Approves a form of Sixth Supplemental Indenture between the Successor Agency and the Trustee; and
3. Approves a form of Continuing Disclosure Agreement between the Successor Agency and Trustee; and
4. Approves a form of Purchase Contract between the Successor Agency and the Underwriter (Stifel, Nicolaus & Company, Incorporated); and
5. Authorizes the purchase of bond insurance or a surety bond if it is determined to be financially advantageous to the transaction; and
6. Authorizes the Successor Agency to recover its costs of issuance, including reimbursement for staff time; and

7. Appoints U.S. Bank National Association as Trustee and Escrow Bank; Orrick, Herrington and Sutcliffe LLP as Bond Counsel; Jones Hall as Disclosure Counsel; Keyser, Marston & Associates as Fiscal Consultant; and Fieldmann Rolapp & Associates as Financial Advisor.
8. Authorizes officers and staff of the Successor Agency to take other actions necessary to effectuate the transaction.

After Successor Agency Board approval, the Oversight Board must also adopt a resolution approving the Successor Agency's resolution and moving forward with the transaction. The final step is for the Oversight Board to send a copy of its adopted resolution for approval to the California Department of Finance which has sixty days to approve the refunding of the bonds.

FISCAL ANALYSIS:

The fiscal impact of the issuance of refunding bonds will result in the annual reduction of approximately $454,000 in bond payments which frees up a similar amount in property tax revenues for utilization by the Successor Agency or distribution to affected taxing entities. If distributed to taxing entities, this will result in an annual increase of $59,000 in property tax revenues to the City's General Fund.

ATTACHMENTS:

1. Proposed Resolution
2. Debt Service Savings Report

MOTION:

That the Successor Agency Board:

<u>Adopt a resolution authorizing the issuance of its Tax Allocation Refunding Bonds, Series 2013A; approving a form of Sixth Supplemental Indenture, a form of Purchase Contract and a form of Continuing Disclosure Agreement; making certain related determinations and authorizing other connected actions.</u>