City of Culver City, California
Agenda Item Report

Meeting Date: 04/13/2015	Item Number: JC-3
JOINT CITY COUNCIL-SUCCESSOR AGENCY AGENDA ITEM: Adoption of Resolutions (1) Approving of a Master Agreement regarding Expenditure of Bond Proceeds between the City of Culver City and Successor Agency to the Culver City Redevelopment Agency Pursuant to California Health and Safety Code Section 34191.4(c) and (2) Approving Related Actions.	
Contact Person/Dept.: Jeff Muir Finance	Phone Number: 310-253-5865
Fiscal Impact: Yes [X] No []	General Fund []
Public Hearing: [] Action Item: []	Attachments: [X]
Commission Action Required? Yes [] No [X] Date:___________	
Public Notification: (E-Mail) Meetings and Agendas – City Council (04/08/15) (E-Mail) Meetings and Agendas – Successor Agency (04/08/15).	
Departmental Approval: Jeff Muir (04/06/15)	City Attorney/Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (04/07/15) City/Successor Agency Special Counsel Approval: Murray Kane (04/07/15)
Chief Financial Officer Approval: Jeff Muir (04/06/15)	City Manager / Executive Director Approval: John M. Nachbar (04/08/15)

RECOMMENDATION:

Staff recommends: (1) the Successor Agency to the Culver City Redevelopment Agency (Successor Agency) Board adopt a resolution approving a proposed Master Agreement regarding Expenditure of Bond Proceeds between the Successor Agency and the City pursuant to California Health and Safety Code Section 34191.4(c) (Master Agreement) and (2) the City Council adopt a resolution approving a proposed Master Agreement.

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 Redevelopment Plans (Original Redevelopment Plans) for the Culver City Redevelopment Project Areas No. 1, 2 and 3 (Original Project Areas). Subsequently, the Original Redevelopment Plans were merged into a single amended and restated Redevelopment Plan for the Culver City Redevelopment Project (Redevelopment Plan), and the Original Project Areas were merged into a single Culver City Redevelopment Project Area (Project Area).

For the benefit of the former CCRA, the Culver City Redevelopment Financing Authority (Authority) issued 1993 Tax Allocation Refunding Revenue Bonds, in the principal amount of $128,070,000 (1993 Bonds). The 1993 Bonds are required to be used to provide financing for (i) funding loans from the Authority to the former CCRA (1993 Loans) under certain loan agreements (1993 Loan Agreements) and (ii) establishing a reserve fund (Reserve Fund). The final debt service payment on the 1993 Bonds was made in November 2014, concurrent with the payoff of the 1993 Loans. Pursuant to the 1993 Loan Agreements, the Reserve Fund was transferred to the Successor Agency as successor in interest to the former Culver City Redevelopment Agency.

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

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 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 Reserve Fund constitutes Bond Proceeds. As of November 1, 2014, the following amounts of Bond Proceeds are available: 1993 Bonds: $2,310,800.

The Successor Agency and the City desire to enter into the 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 Successor Agency to transfer the Bond Proceeds to the City to be used for such purposes.

DISCUSSION:

If the Successor Agency Board and the City Council adopt the proposed resolutions, then a similar resolution will be presented for consideration by the Oversight Board at its regular meeting scheduled for May 14, 2015. If the Oversight Board adopts that proposed resolution, then the Oversight Board's resolution will be submitted to the DOF for review and approval. Upon DOF approval, the Master Agreement would become effective. The Master Agreement would continue in effect until the date that all Bond Proceeds are expended in accordance with the requirements of the Master Agreement.

Upon DOF approval of the Master Agreement, the Successor Agency would be authorized to transfer the Bond Proceeds to the City, and the City would be 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 would 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.

The Master Agreement would not limit in any manner the discretion of the City in connection with the issuance of approvals and entitlements for the projects described in the Master Agreement or avoid legally required processes attendant to project approval including the undertaking and completion of any required environmental review pursuant to CEQA and the review and approval of plans and specifications.

Following DOF approval of the Master Agreement, no subsequent DOF approval would be required in order for the City to expend the Bond Proceeds.

FISCAL ANALYSIS:

Upon final approval of the Master Agreement, the Successor Agency would be authorized to transfer the Bond Proceeds (approximately $2,310,800) to the City.

ATTACHMENTS:

1. Proposed Successor Agency Board resolution.
2. Proposed City Council resolution.
3. Master Agreement

MOTIONS:

That the Successor Agency Board:

> Adopt a resolution approving the Successor Agency's entry into a proposed Master Agreement regarding Expenditure of Bond Proceeds between the Successor Agency and the City pursuant to California Health and Safety Code Section 34191.4(c).

That the City Council:

> Adopt a resolution approving the City's entry into a proposed Master Agreement regarding Expenditure of Bond Proceeds between the Successor Agency and the City pursuant to California Health and Safety Code Section 34191.4(c).