City of Culver City, California

Agenda Item Report

Meeting Date: 07/13/2015	Item Number: C-2
BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: (1) Adoption of a Resolution Authorizing Actions as Required by AB 1484 to Undertake Refunding of Outstanding 1999 Series A, 2002 Series A, 2004 Series A, 2005 Series A and 2011 Series A & B Tax Allocation Bonds and (2) Adoption of a Resolution Approving a Professional Services Agreement with Keyser Marsten Associates in an Amount Not-To-Exceed $28,000.	
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 (07/08/15)	
Department Approval: Jeff Muir (07/07/15)	Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (07/07/15)
Chief Financial Officer Approval: Jeff Muir (07/07/15)	Executive Director Approval: John Nachbar (07/07/15)

RECOMMENDATION:

Staff recommends the Successor Agency Board (1) adopt a resolution authorizing Successor Agency staff to take the necessary actions as required by AB 1484 to refund outstanding 1999 Series A, 2002 Series A, 2004 Series A, 2005 Series A and 2011 Series A&B Tax Allocation Bonds issued by the former Culver City Redevelopment Agency (Former CCRA), and (2) adopt a resolution approving a professional services agreement with Keyser Marsten Associates in an amount not-to-exceed $28,000.

BACKGROUND:

With the dissolution of redevelopment agencies pursuant to state law on February 1, 2012, staff has been looking into methods by which the amount of Redevelopment Property Tax Trust Fund (RPTTF) proceeds available to the Successor Agency can be maximized. This will allow the Successor Agency access to additional funding to retire enforceable obligations and ultimately make more funding available for taxing entities, including the City of Culver City and the Culver City Unified School District (CCUSD). One concept Staff developed was to look at existing bond debt for refinancing opportunities at lower interest rates. Such refundings are permitted under AB 1484 as long as the term of the bonds stays the same and no new debt is incurred. Staff has identified such an opportunity which is presented in this staff report. Since our last Successor Agency action in 2013, we have included three additional series of Bonds to be refunded as detailed in the next section of the report.

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 bonds available for refunding (refinancing) of $16,830,000.

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 bonds available for refunding of$15,070,000.

In April 2004, the Former CCRA issued $83,470,000 in Tax Allocation Bonds (2004 Series A) to fund certain redevelopment activities of benefit to the Former CCRA's Project Area. Currently, the Former CCRA has outstanding bonds available for refunding of$65,560,000. The 2004 Series A Bonds are now able to be redeemed as a current refunding like the 1999 and 2002 Bonds.

In November 2005, the Former CCRA issued $17,315,000 in Tax Allocation Bonds (2005 Series A) to fund certain redevelopment activities of benefit to the Former CCRA's Project Area. Currently, the Former CCRA has outstanding bonds available for refunding of $15,560,000. The 2005 Series A Bonds are now able to be redeemed as a current refunding like the 1999, 2002 and 2004 Bonds.

In March 2011, the Former CCRA issued $13,827,887.15 in Tax Allocation Bonds (2011 Series A) to fund certain redevelopment activities of benefit to the Former CCRA's Project Area. Currently, the Former CCRA has outstanding bonds available for refunding of $9,714,853.95. The 2011 Series A Capital Appreciation Bonds maturing after November 1, 2021 can be redeemed as an advance refunding.

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, 2002 Series A, 2004 Series A, 2005 Series A, and 2011 Series A Tax Allocation Bonds will produce an annual reduction in bond payments of approximately of $2,382,801. This same reduction in annual bond payments frees up additional property tax revenues for use by the Successor Agency to pay enforceable obligations or to distribute 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 $311,000 in property tax revenues to the City of Culver City and approximately $554,000 to the CCUSD.

Tonight's action is the first step in the process to refund the outstanding Tax Allocation Bonds. It is anticipated that the refunding will take approximately four months to complete. The key milestones to complete the refunding are identified below:

- Successor Agency Board Adoption of a Resolution approving the issuance of refunding bonds and approving Indenture and Bond Purchase Agreement (Tonight's Action)
- Oversight Board Adoption of a Resolution approving the issuance of refunding bonds (Scheduled for Oversight Board consideration at a Special Meeting to be held on July 15, 2015)
- Submission to Department of Finance (July 16, 2015)
- Secure underlying credit ratings and potentially bond insurance and reserve fund surety (September, 2015)
- State Department of Finance Approval (September, 2015)
- Successor Agency approval of Preliminary Official Statement (September 2015)
- Negotiated sale of Bonds (October, 2015)
- Bond Closing and payoff of outstanding Tax Allocation Bonds (November, 2015)

Staff is also recommending adoption of a resolution authorizing a professional services agreement with Keyser Marsten Associates (KMA) for preparation of the Fiscal Consultant's Report required as part of the refunding.

FISCAL ANALYSIS:

The fiscal impact of the issuance of refunding bonds will result in the annual average reduction of approximately $2,382,801 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 approximately $311,000 in property tax revenues to the City of Culver City's General Fund. The agreement with KMA for preparation of the Fiscal Consultant's Report shall not exceed $28,000.

ATTACHMENTS:

1. Proposed Resolution Authorizing Issuance of Refunding Bonds
2. Form of Indenture
3. Form of Bond Purchase Agreement

4. Proposed Resolution Approving a Professional Services Agreement with KMA
5. Debt Service Savings Analysis

MOTION:

That the Successor Agency Board:

1) Adopt a Resolution authorizing actions related to the issuance of refunding bonds, approving a form of Indenture, and a form of Bond Purchase Agreement, and making certain determinations relating thereto, and authorizing certain other action in connection therewith; and,

2) Adopt a Resolution approving a professional services agreement with Keyser Marsten Associates in an amount not-to-exceed $28,000.