City of Culver City, California

Agenda Item Report

Meeting Date: 07/08/2013	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 and 2002 Series A Tax Allocation Bonds and (2) Approval of a Professional Services Agreement with Keyser Marsten Associates in an Amount Not-To-Exceed $24,000.	
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 (07/03/13)	
Department Approval: Jeff Muir (07/02/13)	Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (07/02/13) Successor Agency Special Counsel Approval: Murray Kane (07/03/13)
Chief Financial Officer Approval: Jeff Muir (07/02/13)	Executive Director Approval: John Nachbar (07/03/13)

RECOMMENDATION:

Staff recommends the Successor Agency (1) adopt a resolution authorizing Successor Agency staff to take the necessary actions as required by AB 1484 to refund outstanding 1999 Series A and 2002 Series A Tax Allocation Bonds issued by the former Culver City Redevelopment Agency (Former CCRA), and (2) approve a professional services agreement with Keyser Marsten Associates in an amount not-to-exceed $24,000.

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 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.

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 $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 Agency has outstanding 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 $314,000 and $207,000, respectively, for a total of $521,000. This same reduction in annual bond payments frees up additional property tax revenues for use by the Successor Agency to pay enforceable obligations 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 $68,000 in property tax revenues to the City and approximately $126,000 to CCUSD.

The first step in moving forward with the refunding bonds requires the Successor Agency to adopt the attached resolutions which includes the Debt Service Savings Analysis. The next step is for the Oversight Board to adopt a resolution to acknowledge receipt of the Successor Agency's resolution (including the Debt Service Savings Analysis) and direct the Successor Agency to undertake the refunding of the 1999 Series A Tax Allocation Bonds and the 2002 Series A Tax Allocation Bonds. The final step is for the Oversight Board to send a copy of its adopted resolution and Debt Service Savings Analysis for approval to the California Department of Finance which has sixty days to approve the refunding of the bonds.

Staff is also recommending adoption of a resolution authorizing a professional services agreement with Keyser Marsten Associates (KMA) for preparation of the required 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 reduction of approximately $521,565 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 $68,000 in property tax revenues to the General Fund.

The agreement with KMA for preparation of the Fiscal Consultant's Report shall not exceed $24,000.

ATTACHMENTS:

1. Proposed Resolutions
2. Debt Service Savings Analysis

MOTION:

That the Successor Agency:

1) Adopt a Resolution authorizing actions to undertake the refunding of the 1999A and 2002 Bonds, as required by AB 1484; and,

2) Adopt a Resolution approving a professional services agreement with Keyser Marsten Associates in an amount not-to-exceed $24,000.