City of Culver City, California

Redevelopment Agency Agenda Item Report

Meeting Date: 07/02/07	Item Number: A-3
AGENDA ITEM: Adoption of a Resolution of the Culver City Redevelopment Agency Authorizing as to Form and the Execution and Delivery of a Fourth Supplemental Indenture.	
Contact Person/Dept.: Crystal C. Alexander, Agency Treasurer	Phone Number: 310-253-5865
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Public Notification: Master notification list; outside counsel at Richards, Watson and Gershon	
Department Approval: Crystal C. Alexander (6/19/07)	Exec. Director Approval: Jerry Fulwood (6/28/07)
City Controller Approval: Marlee Chang (6/28/07)	

RECOMMENDATION:

Staff recommends the Agency adopt a resolution authorizing as to form and the execution and delivery of a fourth supplemental indenture to the four series of bonds under the indenture, dated 1999, 2002, 2004 and 2005.

BACKGROUND:

The 1999 Master Indenture to the aforementioned bonds contemplates that the Indenture may be amended from time to time for purposes that do not materially adversely affect the interests of the Owners of the Bonds. The proposed resolution will amend the Indenture to allow a form of investment for bond proceeds not contemplated at the time of the Master Indenture.

DISCUSSION:

Due to the upcoming five year anniversary related to the 2002 bonds and scope/schedule alterations for various projects, it has become necessary to reallocate unrestricted monies to the bond funds by June 24, 2007. Agency members approved transactions associated with said allocation.

As a by product of these transactions, the $9 million replaced in the bond fund must subsequently be invested. Based on discussions held with Agency staff, the Agency Treasurer has determined that the anticipated drawdown scheduled for those funds is fluid, and therefore needs to place the funds in a flexible investment instrument, one that protects the funds but also draws a reasonable return on investment. While the current Indenture contains a number of permitted investments, the Agency Treasurer has identified an additional, secure investment vehicle not currently on the permitted investment list.

FISCAL ANALYSIS:

The Agency and City are currently authorized and utilize, under the investment policies for same, to invest funds with the State Treasurer's Local Agency Investment Fund (LAIF.) While this is considered a short term investment vehicle, the returns from LAIF are currently superior to other Indenture permitted investments (with flexible drawdown features) as shown below:

INVESTMENT VEHICLE	INDENTURE PERMITTED	CURRENT RATE OF RETURN
LAIF	Only if amended	5.25%
Fidelity Investments Money Market Fund	Yes	5.04%
Bank of America Overnight Sweep Fund	Yes	4.94%

ATTACHMENTS:

1. Proposed Resolution.
2. Fourth Supplemental Indenture.

MOTION:

That the Agency:

<u>Adopt a resolution authorizing as to form and the execution and delivery of a fourth supplemental indenture to the four series of bonds under the indenture, dated 1999, 2002, 2004 and 2005.</u>