City of Culver City, California

Agenda Item Report

Meeting Date: 06/23/2014	Item Number: JC-3
JOINT CITY COUNCIL-SUCCESSOR AGENCY AGENDA ITEM: Adoption of Respective Resolutions (1) Approving a Master Agreement Regarding Retention and Expenditure of Bond Proceeds between the City of Culver City and the 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.: Glenn Heald Todd Tipton / CDD	Phone Number: 310-253-5752 310-253-5783
Fiscal Impact: Yes [] No [X]	General Fund: Yes [] No []
Public Hearing: [] Action Item: []	Attachments: [X]
Public Notification: (E-Mail) Meetings and Agendas – City Council (06/20/2014) (E-Mail) Meetings and Agendas – Successor Agency (06/20/2014).	
Departmental Approval: Sol Blumenfeld (06/16/14)	City Attorney/Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (06/16/14) Successor Agency Special Counsel Approval: Murray Kane (06/17/16)
Chief Financial Officer Approval: Jeff Muir (06/17/14)	City Manager / Executive Director Approval: John M. Nachbar (06/18/14)

RECOMMENDATION:

Staff recommends that (1) the Board of the Successor Agency to the Culver City Redevelopment Agency (Successor Agency Board) adopt a resolution approving a Master Agreement Regarding Retention and Expenditure of Bond Proceeds (Master Agreement) between the Successor Agency and the City of Culver City (City) pursuant to California Health and Safety Code Section 34191.4(c); and (2) the City Council adopt a resolution approving a 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 amended and restated Redevelopment Plan for the Culver City Redevelopment Project (Redevelopment Plan) for the Culver City Redevelopment Project Area (Project Area).

The former CCRA issued Tax Allocation Refunding Bonds, 1999 Series A, in the principal amount of $31,940,000 (1999 Bonds) and Tax Allocation Bonds, 2002 Series A, in the principal amount of $28,280,000 (2002 Bonds). The bond documents state that the bonds are required to be used to provide financing for, among other things, "a wide variety of projects to implement the Redevelopment Plan for the Project Area. Some of the currently contemplated projects include funding the costs of public improvements and public facilities, streetscape and infrastructure improvements, off-street parking facilities and commercial rehabilitation grants."

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

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 Bond Proceeds have been transferred to the City. As of May 31, 2014, the following amounts of Bond Proceeds are available: (i) 1999 Bonds: $2,772,076 and (ii) 2002 Bonds: $13,965,558.

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 City to retain the transferred Bond Proceeds and to use them for such purposes.

DISCUSSION:

If the Successor Agency Board and the City Council adopt the proposed resolutions, a similar resolution will be presented for consideration by the Board of Directors of the Oversight Board to the Culver City Successor Agency (Oversight Board) at its special meeting scheduled for July 24, 2014. If the Oversight Board adopts the proposed resolution, then the Oversight Board's resolution will be submitted to the DOF for review and approval. The Master Agreement will become effective upon DOF approval and will 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 City will be deemed authorized to retain the transferred Bond Proceeds, and the City will 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 will 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 will 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 the CEQA, and the review and approval of plans and specifications.

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

FISCAL ANALYSIS:

There is no financial cost associated with the adoption of the proposed resolutions approving the Master Agreement.

ATTACHMENTS:

1. Proposed Successor Agency Resolution.
2. Proposed City Council Resolution.

MOTIONS:

That the Successor Agency Board:

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

AND

That the City Council:

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