

SUCCESSOR AGENCY

F-1

Refunding of Existing Outstanding Tax Allocation Bond Debt

Agenda Item No. F-1

DATE SUBMITTED	<u>4/09/2015</u>	COUNCIL ACTION	(X)
SUBMITTED BY	<u>Marlene Best, City Manager Marshall Linn, Financial Advisor</u>	PUBLIC HEARING REQUIRED	()
		RESOLUTION	(X)
DATE ACTION REQUIRED	<u>04/15/2015</u>	ORDINANCE 1 ST READING	()
		ORDINANCE 2 ND READING	()
		CITY CLERK INITIALS	()

**IMPERIAL SUCCESSOR AGENCY
AGENDA ITEM**

SUBJECT: DISCUSSION/ACTION: RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE CITY OF IMPERIAL REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS, AND APPROVING THE FORM OF AN INDENTURE OF TRUST AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

BACKGROUND/SUMMARY:

In November 2005, the former Redevelopment Agency issued its \$9,055,000 Redevelopment Agency of the City of Imperial Project, Tax Allocation Refunding Bonds, Issue of 2005.

Successor Agency staff and its Financial Advisor have analyzed the economics of a refunding (refinancing) of the existing outstanding tax allocation bond debt to provide debt service savings to not only the City but to all of the taxing agencies within the “old” redevelopment project area boundaries.

With rates as historic lows (at least for the near term), the Successor Agency has the opportunity to save approximately \$771,000 (subject to market conditions) WITHOUT extending the maturity date of the refunded bonds.

The source of repayment for the proposed 2015 refunding Bonds is limited to the increment revenue generated in the Project Areas, net of pass through payments. The 2015 Bonds will not be a debt of the City or its general fund. The dissolution of redevelopment agencies which occurred in 2011 does not affect the Successor Agency’s ability to refund the older Prior Agency debt, as AB 1484 allows for bond refundings to generate debt service savings (no new money allowed), and further states that the pledge of Successor Agency tax revenues will be identical to the pledge of tax increment that originally secured the older bonds.

Due to the terms of AB 1484 and the new revenue distribution procedures by the County, the debt service savings amount will be shared by all taxing entities, including the City’s general fund, share of property tax revenues.

In order to issue the 2015 Bonds, the Successor Agency would also need the approval of its Oversight Board, and the State Department of Finance (“DOF”). Upon approval of the Successor Agency Board and the Oversight Board, preliminary financing documents will be sent to the State Department of Finance for their 60 day review period.

Upon the completion of their review and upon the receipt of a Standard & Poors Bond rating and an Issuance Commitment, the refunding Bonds will be priced, after the Successor Agency approves the final Official Statements

It is anticipated that the transaction will be completed during the month of July.

FISCAL IMPACT: Refunding of the 2005 Bonds could result in a savings to all the taxing Agencies of approximately \$771,000 without extending the term of the existing Bonds.				
STAFF RECOMMENDATION: Approve the attached Resolution.				
MANAGER'S RECOMMENDATION:			MANAGER'S INITIALS:	
MOTION:				
SECONDED:	APPROVED:	()	REJECTED	()
AYES:	DISAPPROVED	()	DEFERRED	()
NAYES:				
ABSENT:	REFERRED TO:			

Attachments: Resolution
Draft Indenture