

A G E N D A

REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY

MONDAY, AUGUST 25, 2014

4:30 P.M.

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

TELECONFERENCE NOTICE

Pursuant to Government Code Section 54953, Subdivision (b), the following Oversight Board meeting will include teleconference participation by Board member Rosemary Thurston from: 437 Southport Way, Vallejo 94591. This Notice and Agenda will be posted at the teleconference location.

Next Board Res. No. OB2014 – __

ROLL CALL

Board Members

PUBLIC COMMENT

(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).

CONSENT CALENDAR

Consent calendar items requiring little or no discussion may be acted upon with one motion.

GENERAL BUSINESS

- 1) Adoption of Oversight Board Resolution No. OB2014-__: A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Suisun City Approving the Issuance of Refunding Bonds, Making Certain Determinations With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.– (Garben)

REPORTS: *(Informational items only.)*

- 2) Chair/Boardmembers
- 3) Staff

ADJOURNMENT

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Board Meeting or, in the event that it is delivered to the Boardmembers less than 72 hours prior to a Board Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager's Office during normal business hours, and online at www.suisun.com/Oversight-Board.html.

AGENDA TRANSMITTAL

MEETING DATE: August 25, 2014

OVERSIGHT BOARD AGENDA ITEM: Board Adoption of Resolution No. OB2014 - __: A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Suisun City Approving the Issuance of Refunding Bonds, Making Certain Determination With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.

FISCAL IMPACT: Based on current market rates, a refinancing of the outstanding bonds will generate over \$11,000,000 in interest savings through 2033. (Please see Exhibit A.) Annual savings are estimated at \$590,000, and the reduction in bond debt service payments would generate more property tax revenues flowing to the affected taxing entities.

IMPACT ON PASS THROUGHES TO OTHER TAXING ENTITIES: This item has no impact on the existing pass-through payments to the other affected taxing entities.

BACKGROUND: The Agency has three series of bonds outstanding from issuances in 1998 and two in 2003. The bond proceeds were used to make improvements, purchase land and other traditional redevelopment activities within the redevelopment project area of the Agency. The outstanding bonds have a balance of \$50.4M, an average interest rate of 4.91% and they will mature between 2015 and 2033 with combined annual debt service of approximately \$4,250,000 (for the first 14 years) and then dropping to \$3,700,000 for the final five years.

All the outstanding bonds have call provisions that allow the Agency to refinance on any date at this time. Current market interest rates are below the existing bond rates and can produce lower debt service and therefore additional property tax cash flow to the City and other taxing entities.

STAFF REPORT: City staff has been working with its consultants (NHA Advisors – financial advisor and Jones Hall – bond and disclosure counsel) to analyze and evaluate the refinancing opportunity for the Agency’s outstanding bonds. These consultants have worked with the Agency on prior bond transactions including the last financing in 2003.

Since the elimination of redevelopment, the State has allowed for refinancing through AB 1484 (Health and Safety Code 34177.5) allowing a Successor Agency to issue bonds provided certain factors are met. Requirements include: do not incur additional interest cost, do not incur additional principal other than the amount needed to redeem the outstanding bonds, pay for issuance costs, and meet required debt reserves.

Based on analysis provided by various financial institutions and reviewed by our financial advisor, it was determined that there is sufficient interest rate savings to justify beginning the approval process for issuing refunding bonds. As part of AB 1484, there are multiple steps involved in receiving approval and issuing any refunding bonds.

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

The steps necessary to issue Refunding Bonds include the following:

1. Successor Agency Board approval of Refunding Bond documents
 - a. (August 19, 2014 Successor Agency Agenda).
2. Oversight Board approval of Refunding Bonds.
3. State Department of Finance approval of financing plan and Refunding Bonds.
4. Drafting and approval of Refunding Bond Official Statement required to sell bonds.
5. Refunding Bonds credit and rating process.
6. Sale of Refunding Bonds.
7. Close Financing and redeem old bonds.

Upon the approval of the attached resolution, staff will submit a refinancing plan to the Department of Finance for their review and approval. It is anticipated that with Oversight Board approval of the resolution, the Refunding Bonds could be completed by the end of the calendar year with additional property tax revenues flowing to the other taxing entities by the beginning of FY 2015-16.

RECOMMENDATION: It is recommended that the Oversight Board adopt Resolution No. OB2014 - __: A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Suisun City Approving the Issuance of Refunding Bonds, Making Certain Determination With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.

ATTACHMENTS:

1. Resolution No. OB2014 - __: A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Suisun City Approving the Issuance of Refunding Bonds, Making Certain Determination With Respect to the Refunding Bonds and Providing Other Matters Relating Thereto.

EXHIBIT A BOND REFINANCING SUMMARY

EXHIBIT A - BOND REFINANCING SUMMARY

Sources of Funds		New Refunding Bond Debt Service Savings (1)			
		Year	Prior Bond Debt Service	New Refunding Bond Debt Service	Savings (1)
New Bond Proceeds	\$48,159,495	2015	\$4,247,418	\$3,722,173	\$525,245
Old Reserve Fund	\$4,177,048	2016	\$4,255,275	\$3,665,495	\$589,780
Total Sources	\$52,336,544	2017	\$4,254,670	\$3,662,675	\$591,995
Uses of Funds		2018	\$4,286,658	\$3,692,400	\$594,258
Pay off Prior Bonds	\$51,247,922	2019	\$4,284,098	\$3,690,400	\$593,698
Transaction Costs*	\$1,088,621	2020	\$4,277,718	\$3,685,600	\$592,118
Total Sources	\$52,336,544	2021	\$4,283,750	\$3,693,000	\$590,750
		2022	\$4,271,155	\$3,676,750	\$594,405
		2023	\$4,268,803	\$3,676,250	\$592,553
		2024	\$4,491,915	\$3,900,500	\$591,415
		2025	\$4,390,442	\$3,798,000	\$592,442
		2026	\$4,337,475	\$3,744,250	\$593,225
		2027	\$4,320,542	\$3,726,750	\$593,792
		2028	\$4,287,875	\$3,693,500	\$594,375
		2029	\$3,865,149	\$3,275,000	\$590,149
		2030	\$3,797,702	\$3,205,250	\$592,452
		2031	\$3,723,030	\$3,132,500	\$590,530
		2032	\$3,641,985	\$3,051,750	\$590,235
		2033	<u>\$3,600,000</u>	<u>\$3,008,250</u>	<u>\$591,750</u>
		Total	\$78,885,658	\$67,700,492	\$11,185,166

* Includes Bond insurance, reserve fund surety, underwriter's discount and other costs of issuance (bond/disclosure counsel, financial advisor, rating fees, fiscal consultant, etc)

Notes

- 1) Savings reflect current market interest rates plus 50 basis points (.50%).

RESOLUTION OB NO. 2014-__

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE ISSUANCE OF REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the Redevelopment Agency of the City of Suisun City (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law");

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the Successor Agency to the Redevelopment Agency of the City of Suisun City (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, pursuant to Section 34179, this Oversight Board has been established for the Successor Agency;

WHEREAS, the Oversight Board is informed by the Successor Agency that, prior to dissolution of the Former Agency, the Former Agency issued (i) its Suisun City Redevelopment Project 1993 Tax Allocation Bonds in the initial aggregate principal amount of \$58,140,000 (the "1993 Bonds") in order to finance redevelopment activities within or of benefit to the Redevelopment Project, (ii) its Suisun City Redevelopment Project 1998 Tax Allocation Bonds (the "1998 Bonds") in the initial principal amount of \$14,996,384 in order to finance redevelopment activities within or of benefit to the Redevelopment Project, (iii) its Suisun City Redevelopment Project 2003 Series A Taxable Tax Allocation Bonds (the "2003 Series A Taxable Bonds"), in the initial principal amount of \$6,390,000 in order to finance redevelopment activities within or of benefit to the Redevelopment Project, and (iv) its Suisun City Redevelopment Project 2003 Series B Refunding Tax Allocation Bonds (the "2003 Series B Bonds" and, together with the 1998 Bonds and the 2003 Series A Taxable Bonds, the "Prior Bonds") in the initial principal amount of \$43,000,000 in order to refund, on a current basis, the 1993 Bonds;;

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of its Successor Agency to the Redevelopment Agency of the City of Suisun City 2014 Series A Taxable Tax Allocation Refunding Bonds (Suisun City Redevelopment Project) (the "2014 Series A Taxable Bonds") and its Successor Agency to the Redevelopment Agency of the City of Suisun City 2014 Series B Tax Allocation Refunding Bonds (Suisun City Redevelopment Project) (the "2014 Series B Bonds" and, together with the 2014 Series B Bonds, the "Refunding Bonds"), the Successor Agency has caused its financial

advisor, NHA Advisors (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the Refunding Bonds to refund the Prior Bonds (the "Debt Service Savings Analysis");

WHEREAS, the Successor Agency by its resolution adopted on August 19, 2014 (the "Successor Agency Resolution") approved the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1);

WHEREAS, in the Successor Agency Resolution, the Successor Agency approved the issuance of the Refunding Bonds and authorized the execution and delivery of the Indenture of Trust, by and between the Successor Agency and U.S. Bank National Association, as trustee, providing for the issuance of the Refunding Bonds (the "Indenture");

WHEREAS, in the Successor Agency Resolution, the Successor Agency also requested that this Oversight Board direct the Successor Agency to undertake the refunding proceedings and approve the issuance of the Refunding Bonds pursuant to the Successor Agency Resolution and the Indenture and that this Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated and Piper Jaffray & Co. (in such capacity, together with any other underwriter selected by the Authorized Officers (as such term is defined in the Successor Agency Resolution) to serve as a co-manager, the "Original Purchaser") pursuant to the terms of the Bond Purchase Agreement to be entered into by the Successor Agency and the Original Purchaser;

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel, the Financial Advisor and the Fiscal Consultant to the Successor Agency, cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Original Purchaser, as underwriter of the Refunding Bonds, to persons and institutions interested in purchasing the Refunding Bonds; and

WHEREAS, this Oversight Board has completed its review of the refunding proceedings and the Debt Service Savings Analysis and wishes at this time to give its approval to the foregoing;

NOW THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Determination of Savings. This Oversight Board has determined that there are significant potential savings available to the Successor Agency and to applicable

taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Oversight Board, which Debt Service Savings Analysis is hereby approved.

Section 3. Direction and Approval of Issuance of the Bonds. As authorized by Section 34177.5(f), the Oversight Board hereby directs the Successor Agency to undertake the refunding proceedings and as authorized by Section 34177.5(f) and Section 34180, this Oversight Board hereby directs and approves the issuance by the Successor Agency of the Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of the Law and the Refunding Law and as provided in the Successor Agency Resolution and the Indenture in the aggregate principal amount of not to exceed \$5,000,000 with respect to the 2014 Series A Taxable Bonds and \$52,500,000 with respect to the 2014 Series B Bonds, provided that the principal and interest payable with respect to the Refunding Bonds complies in all respects with the requirements of the Savings Parameters with respect thereto, as shall be certified to by the Financial Advisor upon delivery of the 2014 Series A Taxable Bonds and the 2014 Series B Bonds, or any part thereof.

Section 4. Sale and Delivery of Refunding Bonds in Whole or in Part. The Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole, provided that there is compliance with the Savings Parameters. However, if such Savings Parameters cannot be met with respect to the whole of the Refunding Bonds, then the Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior approval of this Oversight Board provided that in each such instance the Refunding Bonds so sold and delivered in part are in compliance with the Savings Parameters.

Section 5. Determinations by the Oversight Board. As requested by the Successor Agency, the Oversight Board makes the following determinations upon which the Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds, and is also authorized to execute the professional services agreements approved in the Successor Agency Resolution;

(b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds, as well as the payment by the Successor Agency of costs of each of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Solano County Auditor-Controller or any other person or entity other than the Successor Agency; and

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to

continuing costs related to the Refunding Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of any of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings with respect to the Refunding Bonds from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

Section 6. Effective Date. Pursuant to Health and Safety Code Section 34177(f) and Section 34179(h), this Resolution shall be effective five (5) business days after proper notification hereof is given to the California Department of Finance unless the California Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the California Department of Finance.

PASSED AND ADOPTED by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Suisun City at a regular meeting held on this 25TH day of August, 2014, by the following vote:

AYES: Boardmembers:
NOES: Boardmembers:
ABSENT: Boardmembers:
ABSTAIN: Boardmembers:

WITNESS my hand and the seal of said City this 25TH day of August 2014.

Linda Hobson, CMC
Secretary