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**AGENDA
OVERSIGHT BOARD MEETING
JUNE 2, 2014**

12 PM at 311 VERNON STREET – MEETING ROOMS 1 & 2

BOARD MEMBERS:

John Allard & Bonnie Gore (alternate), Mayor's Appointee
Mark Wolinski, Mayor's Appointee
Roy Hebard, NRG Cemetery District Appointee
Jack Duran, Board of Supervisors Appointee
Jerry Johnson, County Superintendent of Schools Appointee
Howard Rudd, Chancellor of Community College Appointee
Marcus Lo Duca, Board of Supervisors Appointee (member of public)

STAFF:

Chris Robles, Economic Development
Director
Bob Schmitt, Assistant City Attorney
Melissa Hagan, Financial Analyst
Bill Aiken, Development Analyst
Brandy LeBeau, Recording Secretary

1. ROLL CALL

2. MINUTES OF APRIL 21, 2013

3. ACTION ITEMS

- A.** Adopt a resolution approving the issuance by the Successor Agency of Tax Allocation Refunding Bonds relating to the Roseville Redevelopment Project in order to achieve debt service savings

4. REPORTS - STAFF

5. BOARD COMMENTS

6. PUBLIC COMMENT

This is the time set aside for public comment on any matter not listed on the agenda. Please complete a public comment card. When addressing the Oversight Board, please state your name and address for the record.

(Note: Those addressing the Oversight Board on any item or under Public Comment are limited to three (3) minutes, unless extended by the Chair. Comments from the audience without coming to the podium will be disregarded. Please address all comments/questions to the Chair, not to staff members.)

7. ADJOURNMENT

NEXT MEETING: TBD

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY
OF THE CITY OF ROSEVILLE**

MEETING DATE: June 2, 2014

TO: Oversight Board

TITLE: Approval of the issuance of Tax Allocation Refunding Bonds

CONTACT: Melissa Hagan, Financial Analyst II, mhagan@roseville.ca.us, 774-5476
Chris Robles, Director of Economic Development crobles@roseville.ca.us,
774-5421

SUMMARY RECOMMENDATION

Staff recommends the Oversight Board take the following actions:

1. Adopt a resolution approving the issuance by the Successor Agency to the Redevelopment Agency of the City of Roseville of Tax Allocation Refunding Bonds relating to the Roseville Redevelopment Project in order to achieve debt service savings.

BACKGROUND and ANALYSIS

On April 21, 2014, the Oversight Board approved resolution 12-42 that directed the Successor Agency to commence the process of refunding the 2002 bonds described below. The Successor Agency now returns to the Board for approval of the issuance of the refunding bonds.

AB 1484 allows Successor Agencies to refund outstanding bonds of a former redevelopment agency under circumstances outlined in Health & Safety Code Section 34177.5 (a)(1) to provide debt service savings to the Successor Agency provided the following two conditions are met:

"... (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance."

The former Redevelopment Agency of the City of Roseville (the "RDA") issued \$14,500,000 in Tax Allocation Bonds in 2002 (the "2002 Bonds") to fund public improvement projects primarily in the downtown and historic districts that are within the redevelopment plan area.

The Successor Agency has received an initial analysis from Piper Jaffray & Co. and verified by the Successor Agency's financial advisor, Public Financial Management, Inc., which indicates the above conditions can be met with a strong potential for debt service savings to the Successor Agency. The following table summarizes the potential refunding results:

Par Amount of Refunding 2002 Bonds	\$11,475,000
Average Annual Savings	\$48,000
Total Cashflow savings through Term (2033)	\$874,544
Net Present Value savings through Term (2033)	\$628,039

The current outstanding balance of the 2002 bonds is \$11,260,000 and has a final term of 2033 with existing interest rates between 4.40% and 5.00%. Based on today's interest rates, the 2002 Bonds could be refunded to the same term with yields ranging from %0.65% to 4.18%, thereby reducing the current debt service average annual payment of \$925,000 to an average of \$877,000 and save roughly \$48,000 per year. Over the remainder of the term, the total cash flow savings is estimated to be roughly \$875,000.

These numbers are estimates based on current market conditions, actual results are subject to interest rate changes up the date of pricing. Reducing the cost of debt service is consistent with the goals and objectives of the Dissolution Act in that it reduces the amount of property tax needed to pay the SA's enforceable obligations thereby providing more funding for the taxing entities immediately.

The Successor Agency now seeks Oversight Board approval of the issuance of the refunding bonds. In connection with the issuance, the SA has a financing team in place and has directed the preparation of the necessary legal document to achieve the refunding, being a Second Supplemental Indenture (Attachment A) providing the bond terms and a Bond Purchase Contract (Attachment B) for the purchase of the bonds by the underwriter, Piper Jaffray & Co. The documents have been reviewed by staff of the Successor Agency and the bond issuance and form of the documents were approved by Successor Agency Resolution 14-219 on May 21, 2104. The Successor Agency will later approve a Preliminary Official Statement for distribution in connection with the initial marketing of the bonds.

FISCAL IMPACT

The increase in the residual property tax increment that will be distributed to all of the taxing entities (including the City) as a result of the refunding will be nearly \$875,000 over the term of the bonds. The increase to the City calculates to approximately 15%-18% of that or roughly \$140,000 back to the General Fund.

Respectfully Submitted,



Melissa Hagan
Financial Analyst II



Chris Robles
Director of Economic Development
APPROVED:



Rob Jensen
Assistant City Manager

Attachments:
Resolution

RESOLUTION NO. OB-12- 43

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
ROSEVILLE APPROVING THE ISSUANCE BY THE SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY OF THE CITY OF ROSEVILLE OF TAX
ALLOCATION REFUNDING BONDS RELATING TO THE ROSEVILLE
REDEVELOPMENT PROJECT**

WHEREAS, the Redevelopment Agency of the City of Roseville (the “Original Agency”) was a redevelopment agency in the City of Roseville (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (the “Redevelopment Law”); and

WHEREAS, the City Council has adopted redevelopment plans for the Roseville Redevelopment Project Area, as amended; and

WHEREAS, the Original Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code, including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the California Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Original Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City, by an adopted resolution, pursuant to Part 1.85 of AB 26, elected the City to serve as the successor agency to the Original Agency upon the dissolution of the Original Agency under AB 26 (the “Successor Agency”); and

WHEREAS, the Board of Directors of the Successor Agency, by an adopted resolution, named itself the “Successor Agency to the Redevelopment Agency of the City of Roseville,” the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 was to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations

of successor agencies and to the wind down process of former redevelopment agencies, including, without limitation, refunding or refinancing bonds or other indebtedness; and

WHEREAS, California Health and Safety Code Section 34179 of AB 26 as amended by AB 1484 (collectively, the "Dissolution Act") establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board". The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to California Health and Safety Code Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in California Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, pursuant to California Health and Safety Code Section 34179.7 of the Dissolution Act, the California Department of Finance (the "Department of Finance") has issued a Finding of Completion to the Successor Agency; and

WHEREAS, the Original Agency has heretofore issued its \$14,500,000 original amount of Roseville Redevelopment Project Tax Allocation Bonds, Series 2002 (the "2002 Bonds") secured by the former Redevelopment Agency's tax increment revenues as funding for the debt service obligations, pursuant to an Indenture, dated as of November 1, 2002 (the "Original Indenture"), between the Agency and BNY Western Trust Company (to which The Bank of New York Mellon Trust Company, N.A. is successor), as trustee, as supplemented by a First Supplemental Indenture, dated as of November 1, 2006, for the purpose of financing programs, projects and activities relating to the Original Agency's Roseville Redevelopment Project pursuant to the Redevelopment Plan for the Roseville Redevelopment Project, approved by Ordinance No. 2274 adopted by the City Council of the City on October 18, 1989, as amended by Ordinance No. 2814 adopted by the City Council of the City on September 21, 1994, together with any further amendments thereof (the "Redevelopment Plan"); payments due on the 2002 Bonds are payable primarily from tax increment revenues derived from the Redevelopment Project (as defined in the Original Indenture)

WHEREAS, AB 1484, among other things, amended the California Health and Safety Code to authorize the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings; and

WHEREAS, the Dissolution Act, at Section 34177.5 of the California Health and Safety Code, authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Original Agency, subject to the conditions precedent contained in Section 34177.5 and the approval of the Successor Agency's Oversight Board; and

WHEREAS, the Successor Agency has determined that savings can be achieved by refunding the 2002 Bonds and it is in the best financial interests of the Successor Agency to refund, at this time, the 2002 Bonds; and

WHEREAS, on April 21, 2014, the Successor Agency's Oversight Board adopted Resolution No. 12-42, directing the Successor Agency to commence the refinancing or refunding of the 2002 Bonds and authorizing the Successor Agency to recover all costs associated with said bond refinancing or refunding. The Department of Finance has approved Resolution No. 12-42; and

WHEREAS, the Original Agency in 2006 issued, as Parity Debt (within the meaning of the Original Indenture) to the 2002 Bonds, its Redevelopment Agency of the City of Roseville, Roseville Redevelopment Project Tax Allocation Bonds, Series 2006A, originally issued in the aggregate principal amount of \$13,155,000 and Redevelopment Agency of the City of Roseville, Roseville Redevelopment Project Taxable Tax Allocation Bonds, Series 2006A-T, originally issued in the aggregate principal amount of \$3,285,000 (together, the "2006 Bonds") for the purpose of financing redevelopment activities with respect to the Redevelopment Project, pursuant to the First Supplemental Indenture; and

WHEREAS, the Successor Agency intends to refund the 2002 Bonds by issuing an refunding series of bonds designated as the " Successor Agency of the Redevelopment Agency of the City of Roseville, Roseville Redevelopment Project Tax Allocation Refunding Bonds, Series 2014" (the "Series 2014 Bonds") under and pursuant to the Refunding Law, the Redevelopment Law, the Dissolution Act, the Original Indenture and a supplement thereto, and the Constitution and other applicable laws of the State of California, and under, pursuant to and subject to the conditions and limitations of Section 34177.5 of the California Health and Safety Code, and such Bonds will be issued on parity with the 2006 Bonds, under and pursuant to the provisions of the Original Indenture; and

WHEREAS, the issuance of the Series 2014 Bonds will produce debt service savings, thereby increasing the amount of property taxes paid to the taxing entities.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Roseville, as follows:

SECTION 1. The Oversight Board determines that the proposed issuance of the Series 2014 Bonds will be of benefit to the taxing entities for the reasons set forth above and in the staff report accompanying this Resolution.

SECTION 2. In accordance with the Dissolution Act, including Sections 34177.5 and 34180 of the California Health and Safety Code, the Oversight Board hereby approves the Successor Agency's issuance of the Series 2014 Bonds in accordance with the terms of Successor Agency Resolution No. 14-219 and the Original Indenture, as proposed to be supplemented by a Second Supplemental Indenture of Trust (collectively, the "Indenture"), provided that the issuance of the Series 2014 Bonds shall meet and be limited by the requirements of Section 34177.5(a) of the California Health and Safety Code.

SECTION 3. The Oversight Board hereby determines the following, which determinations may be relied on by Successor Agency in its issuance of the Bonds:

(a) As provided in Resolution No. 14-219, the Successor Agency is authorized, as provided in Section 34177.5(f) of the California Health and Safety Code, to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including the cost of reimbursing the Successor Agency and City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Bonds;

(b) The application of proceeds of the Bonds by the Successor Agency to the refunding of the 2002 Bonds, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in the Indenture and authorized by Sections 34177.5(a) and (f) of the California Health and Safety Code, shall be implemented by the Successor Agency

promptly upon delivery of the Bonds to the Underwriter, notwithstanding Section 34177.3 of the California Health and Safety Code or any other provision of law to the contrary, and without any further approval of the Oversight Board, or approval of the Department of Finance, the Placer County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall determine the amounts of the final debt service determined upon sale and delivery of the Bonds and the amount thereof shall be final and conclusive upon the Oversight Board, the Department of Finance and all other interested persons and entities and the Debt Service Schedule shall not be amended except as provided in the Indenture; and

(d) The Successor Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under Sections 34171(b) and 34183(a)(3) of the California Health and Safety Code, at an amount of not less than \$250,000 per fiscal year, without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees, auditing fees and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be enforceable obligations payable from property tax revenues pursuant to Sections 34171(d)(1) and 34183(a)(2) of the California Health and Safety Code.


SECTION 4. This Resolution shall take effect immediately upon its passage; provided, however, that the Successor Agency will not issue the Series 2014 Bonds until either this Oversight Board action is deemed effective pursuant to the Dissolution Act or such Oversight Board action has been approved by the Department of Finance if review of this Oversight Board action is requested by the Department of Finance in accordance with the Dissolution Act.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Successor Agency of the Redevelopment Agency of the City of Roseville at its meeting held on the 2nd day of June 2014, by the following vote:

AYES: BOARD MEMBERS: John Allard, Jerry Johnson, Howard Rudd, Marcus Lo Duca

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS: Jack Duran, Mark Wolinski, Roy Hebard



Chairperson

ATTEST:



Secretary