CITY OF SANTA CLARA

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AGENDA

OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY

A complete agenda packet will be available for public review in the City Hall Council Chambers and the City Clerk's Office at the same time the public records are distributed to the Oversight Board.

September 24, 2015

SPECIAL MEETING
12:30 PM in the City Hall Council Chambers

1. CALL TO ORDER/ROLL CALL:

2. PUBLIC PRESENTATIONS:

This item is reserved for persons to address the Oversight Board on any matter not on the agenda that is within the subject matter jurisdiction of the City. The law does not permit Oversight Board action on, or extended discussion of, any item not on the agenda except under special circumstances. The Oversight Board, or staff, may briefly respond to statements made or questions posed, and the City Manager may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on forms available by the door in the Council Chambers.

3. CONTINUANCE/EXCEPTIONS:

4. NEW BUSINESS:

A. Adoption of a Resolution of the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency relating to 1999 bond issuance redemption.

5. ADJOURNMENT:

A. To Thursday afternoon, **September 24, 2015** at 1:00 pm for a regular meeting in the City Hall Council Chambers.

City of Santa Clara
The Center of What's Possible

AGENDA ITEM #: 4.A

AGENDA REPORT

Date: September 24, 2015

To: City Manager/Executive Officer for Oversight Board Action

From: Director of Finance/Assistant City Manager

Subject: Adoption of a Resolution of the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency Relating to 1999 Bond Issuance Redemption

EXECUTIVE SUMMARY

On March 5, 2015, the Oversight Board approved Resolution No. 2015-03, directing the Successor Agency to use the remaining proceeds to redeem a portion of the outstanding bonds. This resolution was approved by the Department of Finance on April 15, 2015.

The City of Santa Clara, in compliance with the writ of mandate issued by the Sacramento Superior Court in the litigation Sharma vs. the Successor Agency to the Redevelopment Agency of the City of Santa Clara, returned to the Successor Agency $33.9 million in lease revenues received from real property assets held by the former Redevelopment Agency and transferred to the City prior to dissolution of the former Redevelopment Agency. In accordance with the approved ROPS 15-16A, $8.8 million of the $33.9 million in lease revenues are being used to cover the cost of enforceable obligations for the current ROPS period. The remaining balance, when combined with the remaining 1999 Tax Allocation Bond proceeds, is sufficient to cover the cost of the full redemption of the 1999 Tax Allocation Bonds which are callable on December 1, 2015.

Staff have worked with Financial Advisor (KNN Public Finance) and Bond Counsel (Jones Hall) to prepare a plan for the full redemption of the 1999 Tax Allocation Bonds.

BACKGROUND AND ANALYSIS

The 1999 Tax Allocation Bonds can be redeemed on June 1 and December 1 of each year. In order to call the bonds at the next available call date on December 1, 2015, the call provisions require that the Successor Agency notify the bond holders between October 1 and November 1. Based on an analysis from our Financial Advisor, the amount needed to fully redeem the 1999 Tax Allocation Bonds on the next call date is estimated to be $38.1 million (includes $250,000 for estimated Financial Advisor, Bond Counsel, Trustee, and other miscellaneous fees associated with calling the 1999 bonds). Calling the bonds at this next available call date is estimated to save the taxing entities $8.8 million of interest savings vs. making payments on the normal debt service schedule.

Resolution No. 2015-03 directed the Successor Agency to use remaining 1999 bond proceeds to redeem as many of the outstanding bonds as possible. The attached resolution authorizes the use of other available funding sources to achieve the full redemption of all of the outstanding 1999 bond proceeds, resulting in maximum savings to the taxing entities.

FISCAL IMPACT

The full redemption of the 1999 Tax Allocation Bonds is expected to result in an estimated $8.8 million of interest savings to the taxing entities. Based on an analysis by our Financial Advisor, the Successor Agency has sufficient monies to fully redeem the outstanding 1999 bonds on the December 1, 2015 call date.

RECOMMENDATION

That the Oversight Board adopt a Resolution of the Oversight Board of the Successor Agency for the City of Santa Clara Redevelopment Agency relating to 1999 bond issuance redemption.

Gary Ameling
Director of Finance/Assistant City Manager

APPROVED:

by Julio J. Fuentes
City Manager
Executive Officer to Successor Agency

Documents Related to this Report:
1) Resolution/1999 Bond Issuance Redemption

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RESOLUTION NO. 2015- ___(OVERSIGHT BOARD)

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY RELATING TO 1999 BOND ISSUANCE REDEMPTION

BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the California Legislature enacted Part 1.85 of the Health and Safety Code, Sections 34170 et seq. (the "Dissolution Law") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code section 33000 et seq.);

WHEREAS, pursuant to Health and Safety Code section 34173, the City Council of the City of Santa Clara (the "City Council") declared that the City of Santa Clara, a charter city (the "City"), would act as successor agency (the "Successor Agency") for the dissolved City of Santa Clara Redevelopment Agency (the "RDA") effective February 1, 2012;

WHEREAS, on February 1, 2012, the RDA was dissolved pursuant to Health and Safety Code Section 34172;

WHEREAS, in or about 1999, the Santa Clara Redevelopment Agency issued the 1999 Series A and Series B Tax Allocation Bonds (collectively the "1999 Bonds");

WHEREAS, on March 5, 2015, the Oversight Board to the Successor Agency approved Resolution No. 2015-03 relating to the 1999 Bonds proceeds. The Resolution became effective with approval from the Department of Finance on April 15, 2015;

WHEREAS, pursuant to Resolution No. 2015-03, the Oversight Board made multiple findings including the determination that termination of the 1999 Bonds through redemption reduces liabilities, increases revenues, and is in the best interest of the taxing entities;

WHEREAS, the Successor Agency has available funds in excess of the remaining principal, interest, and related redemption fees due on the 1999 Bonds; and,

WHEREAS, the Oversight Board finds that this Resolution is in the best interests of the affected taxing entities.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Oversight Board hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff, Oversight Board members, and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Consistent with the findings in Resolution No. 2015-03 and Health and Safety Code section 34181 (e) and 34171(d)(1)(E), the Oversight Board authorizes the Successor Agency to use available funds along with the remaining 1999 Bonds proceeds not needed to pay enforceable obligations, as directed in Resolution 2015-03, to fully redeem the 1999 Bond issuance at the next call date.

SECTION 3. The implementation of this plan is consistent with Health and Safety Code sections 34181(e) and 34171(d)(1)(E) and does reduce liabilities, increases revenues and is in the best interest of the taxing entities.

SECTION 4. This Resolution shall take effect at the time and in the manner prescribed in Health and Safety code section 34179(h).

SECTION 5. Severability. If any provision or clause of this Resolution or the application thereof is held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect other provisions or clauses or application; and to this end, the provisions of this Resolution are declared to be severable.

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SECTION 6. Third Party Beneficiary Enforcement. All taxing entities as defined in Health and Safety Code section 34171(k) affected by the RDA's dissolution are express third party beneficiaries of this Resolution. It is the intent of this Resolution to authorize such taxing entities to the fullest extent authorized under law to enforce this Resolution in a court of competent jurisdiction or otherwise.

CERTIFICATION

I HEREBY CERTIFY THE FORGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY AT A SPECIAL MEETING THEREOF HELD ON ___ DAY OF SEPTEMBER 2015, BY THE FOLLOWING VOTE:

AYES:	BOARD MEMBERS
NOES:	BOARD MEMBERS
ABSTAIN:	BOARD MEMBERS
ABSENT:	BOARD MEMBERS

APPROVE:

_____
Don F. Gage
Chairperson

ATTEST:

_____
Jennifer Yamaguma
Clerk to the Oversight Board