



SUCCESSOR AGENCY of the
REDEVELOPMENT AGENCY OF THE CITY
OF ROSEVILLE
311 Vernon Street
Roseville, CA 95678
(916) 774-5276

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**AGENDA
OVERSIGHT BOARD MEETING
APRIL 21, 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 LoDuca, 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 FEBRUARY 24, 2013

3. ACTION ITEMS

- A.** Adoption of directing the Successor Agency to the former City of Roseville Redevelopment Agency to initiate proceedings for the refunding of the 2002 Tax Allocation Bonds 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: June 2, 2014

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

MEETING DATE: April 21, 2014

TO: Oversight Board

TITLE: Consideration of a Resolution Directing the Successor Agency to the former City of Roseville Redevelopment Agency to Initiate Proceedings to Refund the 2002 Tax Allocation 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 directing the Successor Agency to the former City of Roseville Redevelopment Agency to initiate proceedings for the refunding of the 2002 Tax Allocation Bonds to achieve debt service savings.

BACKGROUND and ANALYSIS

The State of California dissolved all redevelopment agencies active in California through ABx 1 26 on December 29, 2011. This legislation brought about the formation of Successor Agencies (SAs) which have the responsibility of winding down all of the former redevelopment agency's outstanding obligations including the payment of debt service (principal and interest) of any of the agency's bond issues until the debt is paid off. AB 1484 passed in June of 2012 clarified certain procedures in ABx1 26 and allowed SAs to refund outstanding bonds of a former redevelopment agency under circumstances outlined in Health & Safety Code Section 34177.5 (a)(1):

For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (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. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or other indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of

such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms.

Simply put, the SA may not issue bonds that would increase the overall cost of the bonds or take additional proceeds even if it could do so under the cap on overall cost.

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., which indicates a strong potential for debt service savings from refunding the 2002 bonds. The following table prepared by Piper Jaffray summarizes the potential refunding results:

Par Amount of Refunding 2002 Bonds	\$11,475,000
Average Annual Savings	\$45,120
Total Cashflow savings through Term (2033)	\$864,797

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 2.6% to 4.7%, thereby reducing the debt service average annual payment of \$885,000 to an average of \$841,000 and save roughly \$45,000 per year. Over the remainder of the term, the total cash flow savings is estimated to be roughly \$865,000. 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.

Upon adoption of the resolution associated with this report, staff will prepare a resolution for consideration by the Oversight Board to direct the Successor Agency to refinance the 2002 Bonds. This action will be presented to the Oversight Board at their June 2, 2014 meeting which has already been scheduled.

Between April 21, 2014 and June 2, 2014, the DOF will be reviewing the resolution from this meeting (60 day period of review) and the bond team will be preparing the documents that will be presented at the June 2, 2014 meeting.

The process for refunding the bonds is expected to take approximately 6 months. This includes the scheduling of future Successor Agency actions, related Oversight Board approvals of the financing documents and the maximum review period by the Department of Finance for such approvals. The 2002 bonds are currently callable on any date without premium with 30 days' notice to the trustee. The preliminary schedule is included as Attachment B.

The preliminary team that that is being assembled to refinance the bonds is as follows:

ISSUER:	City of Roseville Successor Agency
BOND/DISCLOSURE COUNSEL:	Jones Hall – 650 California Street 18 th Fl – San Francisco, CA
FINANCIAL ADVISOR:	Public Financial Management, INC. - 50 California Street, Suite 2300 - San Francisco, CA 94111
UNDERWRITER:	Piper Jaffray & Co. - 8880 Cal Center Drive, Suite 400 - Sacramento, CA 95826
FISCAL CONSULTANT:	<i>Don Fraser and Associates, Roseville, CA</i>
UNDERWRITER'S COUNSEL:	<i>TBD</i>

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:

A - Resolution

B - Roseville Successor Agency Financing Schedule - 3.21.14

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

RESOLUTION NO. 12- 42

**OVERSIGHT BOARD DIRECTION TO THE SUCCESSOR AGENCY TO
COMMENCE THE REFINANCING OR REFUNDING OF 2002 TAX
ALLOCATION REVENUE BONDS FOR DEBT SERVICE SAVINGS
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION
34177.5 AND AUTHORIZING THE SUCCESSOR AGENCY TO RECOVER ITS
COSTS THEREFOR**

WHEREAS, the Redevelopment Agency of the City of Roseville ("Redevelopment 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) ("Redevelopment Law"); and

WHEREAS, the Redevelopment 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 ("HSC"), 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 HSC; 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 Redevelopment 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 adopted a resolution pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("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, HSC 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 HSC Section 34179. The duties and responsibilities of the Oversight Board are primarily set forth in HSC Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, in 2002, the former Redevelopment Agency issued \$14,500,000 original principal amount of Tax Allocation Revenue Bonds, Series 2002 (the "Series 2002 TABs") secured by the former Redevelopment Agency's tax increment revenues as funding for the debt service obligations. The Series 2002 TABs were issued in order to finance redevelopment activities relating to improvements within the Roseville Redevelopment Project Area ("Project Area"); and

WHEREAS, debt service on the Series 2002 TABs has been and is repaid solely with tax increment revenues generated within the Project Area; and

WHEREAS, pursuant to the Dissolution Act, and specifically HSC Section 34177.5(f) of the Dissolution Act, the Oversight Board may direct the Successor Agency to commence the refinancing or refunding of the Series 2002 TABs, among other actions authorized by HSC Section 34177.5(a) of the Dissolution Act, for debt service savings so long as the Successor Agency is able to recover its related costs in connection with the transaction; and

WHEREAS, upon the direction of the Oversight Board, the Successor Agency may cause the refinancing or refunding of the Series 2002 TABs for debt service savings by issuing, or causing the issuance of refunding bonds in accordance with the Dissolution Act including, without limitation, HSC Sections 34177.5 and 34180(b) (the "Refunding Bonds"); and

WHEREAS, pursuant to HSC Section 34177.5(h) of the Dissolution Act, the Successor Agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance of the State of California at its request.

WHEREAS, based on interest rates in the current market, refunding the Series 2002 TABs is projected to achieve annual debt service savings for the Successor Agency; and

WHEREAS, the Oversight Board desires to take advantage of the current low interest rate environment in order to reduce the Successor Agency's total interest costs on outstanding debt by having the Successor Agency commence the refinancing or refunding of the Series 2002 TABs at a comparatively lower interest rate than the current bond issue's average bond coupon rate and as low of a cost of issuance as possible; and

WHEREAS, in order to effectuate the refinancing or refunding of the Series 2002 TABs, the Oversight Board desires to direct the Successor Agency to commence the refinancing or refunding of the Series 2002 TABs for debt service savings pursuant to HSC Section 34177.5 of the Dissolution Act and authorizing the Successor Agency to recover its costs therefor; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

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

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby directs the Successor Agency to commence the refinancing or refunding of the Series 2002 Tax Allocation Revenue Bonds for debt service savings pursuant to California Health and Safety Code Section 34177.5 of the Dissolution Act and authorizes the Successor Agency to recover its costs therefor.

Section 3. The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to take such other actions and execute such documents as are necessary to effectuate the intent of this Resolution on behalf of the Oversight Board.

Section 4. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. This Resolution shall take effect upon the date of its adoption.

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 ____ day of ____ 2014, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

Chairperson

ATTEST:

Secretary

The Successor Agency to the Redevelopment Agency of the City of Roseville
(Placer County, California)
Series 2014 Refunding Tax Allocation Bonds

Financing Schedule
(As of April 8, 2014)

April 2014							May 2014							June 2014							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
		1	2	3	4	5						1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28	
27	28	29	30				25	26	27	28	29	30	31	29	30						
July 2014							August 2014							September 2014							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
		1	2	3	4	5						1	2		1	2	3	4	5	6	
6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13	
13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20	
20	21	22	23	24	25	26	17	18	19	20	21	22	23	21	22	23	24	25	26	27	
27	28	29	30	31			24	25	26	27	28	29	30	28	29	30					
							31														

Parties and Abbreviations

City of Roseville	I	Jones Hall	BC	Jones Hall	DC	Piper Jaffray	UW
Fraser & Associates	FC	PFM	FA	Nossaman LLP	UC	Bank of NY Mellon	T

Preliminary Timetable

Date	Activity	Responsibility
March 14	All hands kick-off conference call	All
Week of March 24	Ambac contacted regarding existing surety bond policy and insurance	UW/FA/BC
April 11	Agenda deadline for Oversight Board package	All
April 16	1 st draft Bond Documents distributed	BC
April 21	Oversight Board approves financing in concept	I
April 21	Fiscal Consultant commences report	FC
April 22	Conference call to discuss 1 st draft Bond Documents	All
April 28	2 nd draft Bond Documents distributed	BC
May 1	Final comments due on Bond Documents for agenda package	All
May 5	Agenda deadline for Successor Agency package	All
May 14	1 st draft Fiscal Consultant Report distributed	FC
May 21	1 st draft POS distributed	DC
May 21	Successor Agency approves Bond Documents (POS not included)	I
May 23	Agenda deadline for Oversight Board Package	All
May 27	Conference call to discuss 1 st draft POS and 1 st draft Fiscal Consultant Report	All
May 30	2 nd draft Fiscal Consultant Report distributed	FC
June 2	Oversight Board approves Bond Documents	I
June 2	Refunding package sent to DOF (starts 60 day review period)	BC
June 10	Draft rating presentation distributed	UW
June 11	2 nd draft POS distributed	DC
June 16	Send pass-through subordinate packages (starts 45 day review period)	I
June 16	Distribute Bond Documents and POS to S&P and bond insurers	UW
Week of June 23	Rating presentation to S&P	All
June 28	Final comments due on POS for agenda package	All
June 30	Agenda deadline for Successor Agency package	All

July 11	Receive rating (contingent on final DOF approval) Receive commitments from bond insurers	
July 16	Successor Agency approves POS	I
July 30	Draft POS distributed to final review	DC
July 31	End of pass-through subordination review period	
August 1	End of 60 day DOF review period	
August 4	Final comments due on POS to finalize	
August 5	Electronically distribute POS	BC/UW
August 11	Pre-pricing	UW
August 12	Price bonds	UW
August 25	Pre-closing	All
August 26	Bonds closed	All
August 26	Bond redemption notice sent to bond holders of Series 2002 Bonds (if conditional call available, move back 2 weeks)	T
September 25	Series 2002 Bonds redeemed	T