

Successor Agency Bond Refunding

SEPTEMBER 17, 2019

Refunding Tax Allocation Bonds

- ❑ Former Redevelopment Agency issued bonds in 2002, 2004, 2005 and 2006
- ❑ As of 10/1/2019, outstanding principal will be \$99,370,000
- ❑ Successor Agency makes bond payments with funds derived from “tax increment” – a portion of property tax receipts
 - Property tax paid by taxpayers not impacted these bonds

Refunding Tax Allocation Bonds

- ❑ Most are fixed rate bonds and one issue consists of variable rate bonds.
- ❑ Refunding will save an estimated \$24.8 Million or approx. \$1.08 Million per year over the life of the bonds
- ❑ Estimated savings will be disbursed to all taxing entities AFTER all other Successor Agency enforceable obligations are paid.
 - ❑ City receives 16.27% of residual redevelopment tax revenue
 - ❑ City Reserve Policy directs 100% of residual receipts to the Economic Development Reserve.

Refunding Tax Allocation Bonds-Direction

- ☐ Authorize the issuance of the refunding bonds
- ☐ Authorize the execution and delivery of the indenture
- ☐ Authorize the engagement of RBC Capital Markets as the underwriter of the bonds
- ☐ Affirm the appointment of
 - ☐ Urban Futures, Inc. as municipal advisor and fiscal consultant
 - ☐ Richards, Watson and Gershon as bond and disclosure counsel
 - ☐ US Bank as the trustee

Refunding Tax Allocation Bonds-Next Steps

- ❑ Request Oversight Board to approve the issuance of the refunding bonds (estimated at end of September)
- ❑ All oversight board decisions must also be reviewed and approved by the State Department of Finance
- ❑ Expected to be back to the Successor Agency Board in November with the preliminary official statement for consideration

Questions?
