

**REPORT TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT
AGENCY OF THE CITY OF CONCORD****TO THE HONORABLE MAYOR AND COUNCIL:**

DATE: June 10, 2014

SUBJECT: AUTHORIZING THE RETENTION OF CONSULTANTS IN CONNECTION WITH THE PROPOSED ISSUANCE OF BONDS TO REFUND BONDS AND OTHER INDEBTEDNESS OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CONCORD (SAVINGS)

Report in Brief

The Successor Agency is requested to consider the refunding of the City of Concord Joint Powers Financing Authority Lease Revenue Bonds (Concord Avenue Parking Structure), Series 2001 (the “2001 Bonds”) secured, pursuant to a reimbursement agreement, by tax increment revenues from the Redevelopment Project and the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds, Series 2004 (the “2004 Bonds”).

AB 1484 specifically authorizes the issuance of refunding bonds by the Successor Agency and due to prevailing financial market conditions, it is in the best interest of the Successor Agency at this time to issue Refunding Bonds to refund the 2001 Bonds and the 2004 Bonds.

Staff recommends that the Successor Agency adopt Resolution No. 14-774S (Attachment 1) which will authorize the retention of consultants in connection with the proposed issuance of bonds to refund bonds and other indebtedness of the former Redevelopment Agency of the City of Concord.

Background

The City of Concord Joint Powers Financing Authority has previously issued its City of Concord Joint Powers Financing Authority Lease Revenue Bonds (Concord Avenue Parking Structure), Series 2001 (the “2001 Bonds”) secured, pursuant to a reimbursement agreement, by tax increment revenues from the Redevelopment Project and the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds, Series 2004 (the “2004 Bonds”). The 2001 and 2004 Bonds are listed as Enforceable Obligations on the Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”). The current outstanding par amount of the 2001 Bonds is \$5,230,000 and the current outstanding par amount of the 2004 Bonds is \$40,925,000. The final maturity of the 2001 Bonds is March 1, 2023, while the 2004 Bonds mature on June 1, 2025. All of the outstanding bonds are callable at par or 100%.

APPROVAL OF REFINANCING OF OUTSTANDING BONDS

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With the passage of AB1484, the Concord Successor Agency is authorized to issue refunding bonds to pay off outstanding indebtedness of the former Agency. Staff has determined in consultation with its Financial Advisor that current bond market conditions allow for the issuance of refunding bonds to refinance all of the outstanding bonds. Furthermore, as indicated earlier, all outstanding bonds are now callable at par, which makes the economics of the refunding work better. The market for post AB 1484 tax allocation bonds is favorable, with more than forty such bonds issued to-date. The estimated average annual debt service savings are anticipated to be approximately \$360,000 per year. These savings are distributed to all taxing entities as additional property tax revenues. The City receives approximately 10% of these property tax revenues so the savings will generate approximately \$36,000 of additional revenues to the City on average per year. Since the debt service on the bonds is not level the savings will be greater in years 2015 to 2019 and declining in years 2020 to 2025 due to the different final maturities of the bonds.

Discussion

Tonight's action is the first step in the process to refund the outstanding indebtedness of the former Redevelopment Agency of the City of Concord. It is anticipated that the refunding will take approximately 5 months to complete. The key milestones to complete the refunding are identified below:

- Retain Consultants
- Oversight Board Direction to Successor Agency to proceed with the refunding
- Selection of an Underwriter to conduct a negotiated sale of the refunding bonds
- Preparation of all required legal and disclosure documents
- Approval of documents by Successor Agency
- Approval by Oversight Board of Successor Agency action
- Submission to Department of Finance
- Secure an underlying credit rating and potentially bond insurance and/or reserve fund surety
- Department of Finance Approval
- Negotiate sale of Bonds
- Bond Closing and payoff of outstanding bonds

Additionally, tonight's resolution will authorize the retention of the following consultants required to complete the refunding:

- Bond/Disclosure Counsel – Quint & Thimmig in the amount of \$145,000
- Financial Advisor – Fieldman, Rolapp & Associates in the amount of \$57,500 plus expenses of approximately \$3,5000
- Fiscal Consultant – Keyser Marston in the amount of \$29,000

Fiscal Impact

The refinancing of the outstanding indebtedness of the former Redevelopment Agency will generate net present value savings of approximately \$4.5 million over the remaining life of the indebtedness. The average annual savings will be approximately \$360,000 per year with the debt retired by FY 2025-26. The City’s share of the savings is 10% or approximately \$36,000 average annual savings per year. **The term of the refunding bonds is the same as the original term of the currently outstanding indebtedness and will not be extended.** As was discussed earlier, since the debt service on the bonds is not level, the savings will be greater in years 2015 to 2019 and declining in years 2020 to 2025 due to the different final maturities of the bonds. These savings are net of the cost of issuance and underwriter’s discount. The costs of issuance cover the fees of the financial advisor, bond/disclosure counsel, fiscal consultant, rating agencies, escrow agent, trustee, and other miscellaneous costs. All the costs of issuance fees are only incurred if the refinancing is approved, except for the costs of the fiscal consultant and rating agencies. These costs are eligible to be included on the future ROPs per the provisions of AB 1484 if the refunding fails to close. Both agreements of the financial advisor and bond/disclosure counsel are contingent on the refinancing of the bonds. Both of these firms as well as KMA have done work with the City on prior financial issues.

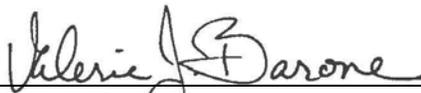
Public Contact

Notice of the meeting has been posted. The Oversight Board for the Successor Agency of the former Redevelopment Agency of the City of Concord received notice.

Recommendation for Action

Staff recommends the Successor Agency adopt Resolution No. 14-774S authorizing the retention of consultants Quint & Thimmig in the amount of \$145,000, Fieldman Rolapp in the amount of \$57,500 plus expenses of approximately \$3,500, and Keyser Marston in the amount of \$29,000, required for their expertise in connection with the proposed issuance of bonds to refund bonds and other indebtedness of the former Redevelopment Agency of the City of Concord.

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**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF CONCORD SITTING AS THE
SUCCESSOR AGENCY AUTHORIZING THE
RETENTION OF CONSULTANTS IN
CONNECTION WITH THE PROPOSED
ISSUANCE OF BONDS TO REFUND BONDS AND
OTHER INDEBTEDNESS OF THE FORMER
REDEVELOPMENT AGENCY OF THE CITY OF
CONCORD**

Resolution No. 14-774S

WHEREAS, 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 California Health and Safety Code (the “Law”), including the power to issue bonds for any of its corporate purposes; and

WHEREAS, in 1974, a redevelopment plan for the Central Concord Redevelopment Project in the City of Concord, California (the “Redevelopment Project”), was adopted in compliance with all requirements of the Law; and

WHEREAS, , the City of Concord Joint Powers Financing Authority has previously issued its City of Concord Joint Powers Financing Authority Lease Revenue Bonds (Concord Avenue Parking Structure), Series 2001 (the “2001 Bonds”), secured, pursuant to a reimbursement agreement, by tax increment revenues from the Redevelopment Project; and

WHEREAS, the Former Agency has previously issued its Redevelopment Agency of the City of Concord (Central Concord Redevelopment Project) Tax Allocation Refunding Bonds, Series 2004 (the “2004 Bonds”), secured by tax increment revenues from the Redevelopment Project; and

WHEREAS, on June 28, 2011, the California Legislature adopted ABx1 26 (the “Dissolution Act”) and ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the Agency being dissolved as of February 1, 2012; and

1 **WHEREAS**, the powers, assets and obligations of the Agency were transferred on February 1,
2 2012 to the Successor Agency; and

3 **WHEREAS**, on or about June 27, 2012, the California Legislature adopted AB 1484 as a
4 trailer bill in connection with the 2012-13 California Budget; and

5 **WHEREAS**, AB 1484 specifically authorizes the issuance of refunding bonds by the
6 Successor Agency; and

7 **WHEREAS**, the Successor Agency has determined that, due to prevailing financial market
8 conditions, it is in the best interests of the Successor Agency at this time to issue its bonds (the
9 “Refunding Bonds”) to refund 2001 Bonds and the 2004 Bonds; and

10 **WHEREAS**, it is desirable for the Successor Agency to appoint a financial advisor, bond
11 counsel, disclosure counsel and a fiscal consultant in connection with the issuance of the Refunding
12 Bonds.

13 **NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Concord, as
14 governing body of the Successor Agency to the Redevelopment Agency of the City of Concord, as
15 follows:

16 **Section 1.** Subject to specific direction from the Oversight Board of the Successor Agency to
17 the Redevelopment Agency of the City of Concord (the “Oversight Board”) for the Successor Agency
18 to issue the Refunding Bonds and the acknowledgement and agreement by the Oversight Board that,
19 pursuant to section 34177.5(f) of the California Health and Safety Code, the Successor Agency can
20 recover its costs in connection with the proceedings for the issuance and payment of the Refunding
21 Bonds, the Successor Agency hereby designates the following consultants to serve the Successor
22 Agency in connection with the issuance of the Refunding Bonds:

- 23
- 24 (a) as financial advisor to the Successor Agency, Fieldman, Rolapp & Associates, Inc., Irvine,
 California in the amount of \$57,500 plus expenses of approximately \$3,500;
 - 25 (b) as bond counsel and disclosure counsel to the Successor Agency, Quint & Thimmig LLP,
 Larkspur, California in the amount of \$145,000; and
 - 26 (c) as fiscal consultant to the Successor Agency, Keyser Marston Associates, San Francisco,
 California in the amount of \$29,000.

27 The Chair, the Vice Chair, the Executive Director and the Treasurer, or the designee thereof,
28 are each hereby individually authorized and directed in the name and on behalf of the Successor

1 Agency to execute a services agreement with each such firm, with compensation to be paid
2 contingently upon the issuance of the Refunding Bonds, except that the fees and expenses of the fiscal
3 consultant shall not be contingent.
4

5 **Section 2.** This resolution shall become effective immediately upon its passage and adoption.

6 **PASSED AND ADOPTED** by the City Council of the City of Concord Sitting as the
7 Successor Agency on June 10, 2014, by the following vote:

8 **AYES:** Councilmembers -

9 **NOES:** Councilmembers -

10 **ABSTAIN:** Councilmembers -

11 **ABSENT:** Councilmembers -

12 **I HEREBY CERTIFY** that the foregoing Resolution No. 14-774S was duly and regularly
13 adopted at a regular meeting of the City Council of the City of Concord as the Successor Agency on
14 June 10, 2014.

15 _____
16 Mary Rae Lehman, CMC
17 City Clerk

18 **APPROVED AS TO FORM:**

19 _____
20 Mark S. Coon
21 City Attorney