



**REPORT TO THE CITY COUNCIL OF THE CITY OF CONCORD/  
CITY COUNCIL SITTING AS THE SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY**

**TO THE HONORABLE MAYOR AND COUNCIL:**

DATE: September 9, 2014

**SUBJECT: APPROVING THE FORM AND AUTHORIZING DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE BY THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF CONCORD OF TAX ALLOCATION BONDS TO REFINANCE REDEVELOPMENT ACTIVITIES WITHIN AND FOR THE BENEFIT OF THE CENTRAL CONCORD REDEVELOPMENT PROJECT AREA OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CONCORD, APPROVING RELATED DOCUMENTS AND ACTIONS, AND APPROVING CONTINUING DISCLOSURE PROCEDURES (SAVINGS)**

**Report in Brief**

The City Council and the Successor Agency of the Redevelopment Agency of the City of Concord (“Successor Agency”) are requested to consider actions relating to 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 City Council and Successor Agency adopt the attached resolutions which will approve the form and authorize the distribution of a Preliminary Official Statement (POS) in connection with the issuance and sale of tax allocation bonds to refinance redevelopment activities within and for the benefit of the Central Concord Redevelopment Project Area of the Former Redevelopment Agency of the City of Concord (“Former Agency”), approve related documents and actions and approve Continuing Disclosure Procedures.

# APPROVAL OF REFINANCING OF OUTSTANDING BONDS

September 9, 2014

Page 2

## 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 Area 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 July 1, 2025. All of the outstanding bonds are callable at par or 100%.

The Dissolution Act (ABx1 26, as amended by AB 1484) authorizes the Successor Agency to issue refunding bonds to pay off outstanding bonds or indebtedness of the Former Agency. Staff has determined in consultation with its Financial Advisor, Fieldman, Rolapp & Associates, 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 now. The market for post AB 1484 tax allocation bonds is favorable, with more than sixty such bonds issued to-date. The estimated average annual debt service savings are anticipated to be approximately \$359,000 per year. These savings are distributed to all taxing entities within the Project Area as additional property tax revenues. The City receives approximately 10% of property tax revenues within the Project Area. Therefore, 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.

On June 10, 2014 the Successor Agency approved the contracts of Bond/Disclosure Counsel, Financial Advisor and Fiscal Consultant and authorized Staff to move forward with the refinancing. On June 11, 2014 the Oversight Board directed the Successor Agency to pursue the refunding. On June 24, 2014 the Successor Agency, the City Council and the City of Concord Joint Powers Authority approved all legal documents necessary to issue tax allocation bonds. Further, the Oversight Board approved the Successor Agency action on June 30, 2014.

## Discussion

Tonight’s action is the last step in the process to refinance the outstanding indebtedness of the Former Redevelopment Agency. The key milestones to complete the refinancing are identified below:

- Retain Consultants (**Completed**)
- Oversight Board Direction to Successor Agency to proceed with the refunding (**Completed**)
- Selection of an Underwriter to conduct a negotiated sale of refunding bonds (**Completed**)
- Preparation of all required legal documents (**Completed**)
- Preparation of all required disclosure documents (**Completed**)

## APPROVAL OF REFINANCING OF OUTSTANDING BONDS

September 9, 2014

Page 3

- Approval of documents by Successor Agency, approval by the City Council and approval of certain documents by the Authority (**Completed**)
- Approval by Oversight Board of Successor Agency action (**Completed**)
- Submission to California State Department of Finance (**Completed**)
- Secure underlying credit ratings and potentially bond insurance (**Completed**)
- State Department of Finance Approval (**Completed**)
- Approval of the Preliminary Official Statement and Continuing Disclosure Procedures by Successor Agency (**Tonight's Action**)
- Negotiate sale of Bonds (**September 2014**)
- Bond Closing and payoff of outstanding bonds (**October 2014**)

### TONIGHT'S ACTIONS

Approval of tonight's resolutions will authorize the distribution of the POS in connection with the offering and sale of the bonds and approve related documents and actions as follows:

- **Approve Preliminary Official Statement (POS)** – The form of the POS is approved and the document is deemed final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, with its distribution by Stifel Nicolaus & Company as underwriter of the bonds.
- **Official Actions** – The resolution authorizes the Chairman, the Vice Chairman, the Executive Director, the Treasurer, and the Secretary of the Successor Agency to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds.
- **Approve Continuing Disclosure Policies** – The resolution adopts Continuing Disclosure Procedures intended to (a) ensure that the Successor Agency's Continuing Disclosure Documents are accurate and comply with all applicable federal and state securities laws, and (b) promote best practices regarding the preparation of the Successor Agency's Continuing Disclosure Documents.

On August 13, 2014, the financing team met with Standard & Poor's to present the contemplated refunding and to request credit ratings on the bonds. S&P has assigned a credit rating of A to the bonds, which is considered in the Upper Medium Grade category of ratings. There is one category above this grouping, High Grade. A rating in the Upper Medium Grade category means that the Successor Agency "has a STRONG capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories". In addition, the financing team has solicited bids for bond insurance and reserve fund sureties for the refunding bonds and will be evaluated by the financing team to determine whether they are beneficial and would enhance the refunding savings.

**Fiscal Impact**

The refinancing of the outstanding indebtedness of the former Redevelopment Agency will generate net present value savings of approximately \$4.2 million over the remaining life of the indebtedness. The average annual savings will be approximately \$359,000 per year with the debt retired by FY 2025-26. **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 costs 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 such fees are contingent on the issuance of the refunding bonds, 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 the financial advisor and bond/disclosure counsel firms, as well as the fiscal consultant, have done work with the City on prior financial issues.

**Legal Considerations**

The City Attorney and Bond Counsel, Quint & Thimmig LLP, have drafted and reviewed tonight's resolution and legal documents.

**Advisory Body Recommendation**

The Oversight Board reviewed the contemplated refunding at its meeting on June 30, 2014 and recommended that staff pursue the opportunity.

**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.

## APPROVAL OF REFINANCING OF OUTSTANDING BONDS

September 9, 2014

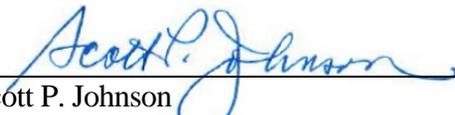
Page 5

### Recommendation for Action

Staff recommends approval of the following resolutions authorizing the issuance and sale of tax allocation bonds to refinance redevelopment activities within and for the benefit of the Central Concord Redevelopment Project Area of the Former Agency, approving related documents and actions and approving Continuing Disclosure Procedures.

- 1) **Approving** – the form and authorizing distribution of a preliminary official statement in connection with the offering and sale of tax allocation bonds to refinance redevelopment activities within and for the benefit of the Central Concord Redevelopment project area of the Former Redevelopment Agency of the City of Concord and approving related documents and actions and approving Continuing Disclosure Procedures. Successor Agency of the Redevelopment Agency Resolution No. 14-777S for adoption.
- 2) **Approving** – Continuing Disclosure Procedures. City Council Resolution No. 14-71 for adoption.

Prepared by: Karan Reid  
Finance Director  
Karan.Reid@cityofconcord.org

  
\_\_\_\_\_  
Scott P. Johnson  
Assistant City Manager  
Scott.johnson@cityofconcord.org

Attachment 1: Successor Agency Resolution No. 14-777S

Attachment 2: City Council Resolution No. 14-71

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD AS SUCCESSOR  
TO THE REDEVELOPMENT AGENCY OF THE CITY OF CONCORD  
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving the Form and  
Authorizing Distribution of a Preliminary  
Official Statement in Connection with the Offering  
and Sale of Tax Allocation Bonds to Refinance  
Redevelopment Activities within and for the Benefit  
of the Central Concord Redevelopment Project Area  
of the Former Redevelopment Agency of the City of  
Concord, Approving Related Documents and Actions**

**Resolution No. 14-777S**

**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;

**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 Former Agency being dissolved as of February 1, 2012; and

1           **WHEREAS**, the powers, assets and obligations of the Former Agency were transferred on  
2 February 1, 2012 to the City of Concord (the “City”) as the Successor Agency of the Redevelopment  
3 Agency of the City of Concord (the “Successor Agency”); and

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

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

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

11           **WHEREAS**, to provide moneys to refund the 2001 Bonds and the 2004 Bonds, the Successor  
12 Agency has determined to issue its Successor Agency of the Redevelopment Agency of the City of  
13 Concord, Tax Allocation Refunding Bonds, Series 2014, in the aggregate principal amount of not to  
14 exceed \$50,000,000 (the “Bonds”), under the provisions of section 34177.5(g) of the Dissolution Act  
15 and Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the  
16 California Government Code; and

17           **WHEREAS**, the Successor Agency has determined that the total net interest cost to maturity  
18 of the Bonds plus the principal amount of the Bonds will not exceed the total net interest cost to  
19 maturity of the 2001 Bonds and the 2004 Bonds to be refunded plus the principal amount of the 2001  
20 Bonds and the 2004 Bonds to be refunded; and

21           **WHEREAS**, the Successor Agency adopted its Resolution No. 14-775S on June 24, 2014,  
22 authorizing issuance of the Bonds and approving the form and authorizing execution of the various  
23 documents prepared in connection therewith; and

24           **WHEREAS**, a preliminary official statement to be used in connection with the offering and  
25 sale of the Bonds has been prepared and it is appropriate at this time for the Successor Agency to  
26 approve the form thereof and its distribution to prospective purchasers of the Bonds.

27           **NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD, AS**  
28

1 **SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF**  
2 **CONCORD, DOES RESOLVE AS FOLLOWS:**

3 **Section 1. Official Statement.** The Successor Agency hereby approves and deems final within  
4 the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions,  
5 a preliminary official statement describing the Bonds in the form on file with the Secretary (the  
6 “Preliminary Official Statement”). Distribution of the Preliminary Official Statement by Stifel  
7 Nicolaus & Company, Incorporated, as underwriter of the Bonds, to prospective purchasers of the  
8 Bonds is hereby approved. The Chairman, the Vice Chairman, the Treasurer or the Executive Director  
9 (the “Designated Officers”) or any designees thereof, are hereby authorized to execute the final form  
10 of an official statement, including as it may be modified by such additions thereto and changes therein  
11 as a Designated Officer shall deem necessary, desirable or appropriate (the “Final Official  
12 Statement”), and the execution of the Final Official Statement by a Designated Officer shall be  
13 conclusive evidence of the approval of any such additions and changes. The Successor Agency hereby  
14 authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official  
15 Statement shall be executed in the name and on behalf of the Successor Agency by a Designated  
16 Officer.

17 **Section 2. Official Actions.** The Chairman, the Vice Chairman, the Executive Director, the  
18 Treasurer and the Secretary of the Successor Agency, and any and all other officers of the Successor  
19 Agency, are hereby authorized and directed, for and in the name and on behalf of the Successor  
20 Agency, to do any and all things and take any and all actions, including execution and delivery of any  
21 and all assignments, certificates, requisitions, agreements, notices, consents, instruments of  
22 conveyance, warrants and other documents which they, or any of them, may deem necessary or  
23 advisable in order to consummate the lawful issuance and sale of the Bonds. Whenever in this  
24 resolution any officer of the Successor Agency is authorized to execute or countersign any document  
25 or take any action, such execution, countersigning or action may be taken on behalf of such officer by  
26 any person designated by such officer to act on his or her behalf in the case such officer shall be  
27 absent or unavailable.

1            **Section 3.** This resolution shall become effective immediately upon its passage and adoption.

2            **PASSED AND ADOPTED** by the by City Council of the City of Concord, as Successor  
3 Agency to the Redevelopment Agency of the City of Concord, on September 9, 2014, by the  
4 following vote:

5 **AYES:**            Councilmembers -

6 **NOES:**            Councilmembers -

7 **ABSTAIN:**        Councilmembers -

8 **ABSENT:**         Councilmembers -

9            **I HEREBY CERTIFY** that the foregoing Resolution No. 14-777S was duly and regularly  
10 adopted at a regular meeting of the City Council of the City of Concord on September 9, 2014.

11  
12  
13  
14 **APPROVED AS TO FORM:**

\_\_\_\_\_  
Joelle Fockler, CMC  
Deputy City Clerk

15  
16  
17 \_\_\_\_\_  
Mark S. Coon  
City Attorney

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

**A Resolution Approving Continuing Disclosure  
Procedures**

**Resolution No. 14-71**

**WHEREAS**, to (a) ensure that annual continuing disclosure reports filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system by the City and all other entities created by the City or by State law for which the Council serves as the governing or legislative body, (b) ensure that event notices and any other filings with EMMA are accurate and comply with all applicable federal and state securities laws, and (c) promote best practices regarding the preparation of such documents, it is appropriate for the Council to adopt continuing disclosure procedures.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES  
RESOLVE AS FOLLOWS:**

**Section 1.** Continuing Disclosure Procedures. To (a) ensure that annual continuing disclosure reports filed with EMMA by the City and all other entities created by the City or by State law for which the Council serves as the governing or legislative body, (b) ensure that event notices and any other filings with EMMA are accurate and comply with all applicable federal and state securities laws, and (c) promote best practices regarding the preparation of such documents, the Council hereby adopts continuing disclosure procedures in the form attached hereto as Exhibit A.

**Section 2.** Official Actions. The Mayor, the Vice Mayor, the City Manager, the Finance Director and the City Clerk, and any and all other officers of the City, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in furtherance of the intent of this Resolution.

**Section 3.** This resolution shall become effective immediately upon its passage and adoption.

**PASSED AND ADOPTED** by the City Council of the City of Concord on September 9, 2014, by the following vote:

- 1 **AYES:** Councilmembers -
- 2 **NOES:** Councilmembers -
- 3 **ABSTAIN:** Councilmembers -
- 4 **ABSENT:** Councilmembers -

5 **I HEREBY CERTIFY** that the foregoing Resolution No. 14-71 was duly and regularly  
6 adopted at a regular meeting of the City Council of the City of Concord on September 9, 2014.

7

8

---

Joelle Fockler, CMC  
Deputy City Clerk

9 **APPROVED AS TO FORM:**

10

11

---

Mark S. Coon  
City Attorney

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28