



OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

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September 22, 2014

OVERSIGHT BOARD MEMBERS

RECOMMENDATION:

Adopt a Resolution approving the decision of the Successor Agency to the Redevelopment Agency of the City of Long Beach to participate in the County of Los Angeles Redevelopment Bond Refunding Program, and direct the commencement of a refunding of certain bonds and indebtedness.

DISCUSSION

Effective February 1, 2012, pursuant to Assembly Bill 1x 26 (AB1x 26), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. AB1x 26 provided for the formation of Successor Agencies (SAs), which have the responsibility of winding down outstanding obligations of the former redevelopment agencies.

On June 27, 2012, the State passed Assembly Bill 1484 (AB 1484), which included provisions permitting SAs to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings. A number of SAs have since refunded their existing redevelopment bonds to provide savings to taxing entities, while others are in the process of doing so.

Long Beach Successor Agency Tax Allocation Bonds

The City of Long Beach as Successor Agency (Long Beach SA) to the Redevelopment Agency of the City of Long Beach (Former RDA) could issue approximately \$130 million of bonds to refund several tax allocation bonds issued by the Former RDA. The issues being considered for refunding are the 2002 Series A, the 2002 Series B, the 2005 Series A-1, and the 2005 Series B. Based on current interest rates, a refunding would reduce existing debt payments by an average of \$640,000 each year for a total savings of approximately \$12.6 million over the life of the bonds, or roughly \$8.8 million in today's dollars (net present value basis). If the market improves or additional efficiencies become available, the Long Beach SA could issue approximately \$170 million of refunding bonds, which could generate as much as \$25 million of gross savings, or \$17 million of savings in today's dollars (net present value basis).

The County of Los Angeles Redevelopment Refunding Program

The County of Los Angeles (County) has developed a program to assist SAs in refinancing their outstanding redevelopment bonds (Program) efficiently and cost-effectively. The County joint powers authority (County of Los Angeles Redevelopment Refunding Authority) will serve as the issuer of bonds to refund the Former RDA debt. The County has a streamlined process that offers credit ratings, approval from the California Department of Finance, and preparation of continuing disclosure documents.

FISCAL IMPACT

Under current market conditions, the refunding will reduce existing Long Beach SA debt payments by approximately \$8.8 million in today's dollars (net present value basis). This will increase the "residual" property tax distribution to all affected taxing entities. The City's share of the additional residual property tax revenue from the Former RDA is approximately 21 percent. As a result, the City would expect to receive additional property tax revenues of approximately \$111,000 each year after completing the refunding. However, the administrative allowance to the Long Beach SA would be reduced by approximately \$16,000 each year. The Long Beach SA expects to be able to absorb the loss of administrative allowance.

If the market improves or additional efficiencies become available, savings from the refunding could potentially double. The City could receive a total of additional property tax revenues of as much as \$205,000 each year. The loss in annual administrative allowance to the Long Beach SA could be as much as \$30,000. The Long Beach SA is not expected to be able to absorb all of the administrative allowance loss and some of that loss, potentially about \$14,000, will need to be offset by the additional property tax. The net benefit to the City would be about \$191,000 a year.

This matter will be considered by the Successor Agency to the Redevelopment Agency of the City of Long Beach on September 16, 2014.

Respectfully submitted,



AMY J. BODEK
DIRECTOR OF DEVELOPMENT SERVICES



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



PATRICK H. WEST
CITY MANAGER

PHW:AJB:JG

R:\SUCCESSOR AGENCY\OVERSIGHT BOARD\STAFF REPORTS OVERSIGHT BOARD\2014\K SEPTEMBER 22 (SPECIAL MTG)\COUNTY RDA BOND REFUND PROGRAM.DOCX

1 RESOLUTION NO. _____
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3 A RESOLUTION OF THE OVERSIGHT BOARD OF
4 THE CITY OF LONG BEACH AS THE SUCCESSOR
5 AGENCY TO THE REDEVELOPMENT AGENCY OF THE
6 CITY OF LONG BEACH DIRECTING THE
7 COMMENCEMENT OF A REFUNDING OF CERTAIN
8 BONDS AND INDEBTEDNESS
9

10 WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session)
11 ("AB X1 26") enacted on June 28, 2011, dissolved all redevelopment agencies and
12 community development agencies in existence in the State of California, as of February
13 1, 2012, and designated "successor agencies" and "oversight boards" to satisfy
14 "enforceable obligations" of the former redevelopment agencies and administer
15 dissolution and wind down of the former redevelopment agencies; and

16 WHEREAS, California Assembly Bill No. 1484 (Stats 2012 c. 26) ("AB
17 1484"), a follow on bill to AB X1 26, was enacted on June 27, 2012 and provides a
18 mechanism to refund outstanding bonds and other indebtedness under certain
19 circumstances; and

20 WHEREAS, pursuant to California Health and Safety Code Section
21 34173(d), the City of Long Beach is the successor agency (the "Successor Agency") to
22 the Redevelopment Agency of the City of Long Beach (the "Former RDA"), confirmed by
23 Resolution No. 12-0009 adopted by the City of Long Beach on January 17, 2012; and

24 WHEREAS, California Health and Safety Code Section 34179(a) provides
25 that each successor agency shall have an oversight board composed of seven members;
26 and

27 WHEREAS, the Successor Agency has duly established such oversight
28 board (the "Oversight Board") pursuant to California Health and Safety Code Section

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CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
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1 34179(a); and

2 WHEREAS, the Oversight Board, pursuant to California Health and Safety
3 Code Section 34177.5(f), may direct the Successor Agency to issue bonds or incur other
4 indebtedness to refund the bonds or other indebtedness of the Former RDA to provide
5 debt service savings to the Successor Agency; and

6 WHEREAS, an oversight board may only direct such a refunding so long as
7 the Successor Agency is able to recover its related costs in connection with the
8 transaction; and

9 WHEREAS, the recovery of such costs in connection with such a refunding
10 transaction shall be supplemental to, and not constrained by, the administrative cost
11 allowance as such allowance is defined in California Health and Safety Code Section
12 34171(b); and

13 WHEREAS, the Oversight Board is informed by the Successor Agency that
14 certain bonds and other indebtedness of the Former RDA (the "Prior Obligations"), as
15 identified in Exhibit A to this resolution ("Resolution"), were issued in relation to various
16 redevelopment project areas of the Former RDA during the period from December 1,
17 1992 to May 12, 2010 and may be subject to optional redemption at a present or future
18 date; and

19 WHEREAS, the Successor Agency has indicated that there are potential
20 debt service savings that can be achieved through a refinancing of all or a portion of the
21 Prior Obligations, and the Oversight Board now wishes to direct the Successor Agency to
22 prepare for the refunding of all or a portion of the Prior Obligations, and such other bonds
23 as may be hereafter identified by the Successor Agency and approved by the Oversight
24 Board, to achieve debt service savings or otherwise comply with the terms of California
25 Health and Safety Code Section 34177.5; and

26 WHEREAS, the County of Los Angeles (the "County"), a political
27 subdivision of the State of California and taxing entity recipient of property tax revenues,
28 represented by voting membership on the Oversight Board, has developed a program

1 (the "Refunding Program") to assist successor agencies within the County to refund
2 bonds and other indebtedness pursuant to AB 1484 in order to provide debt service
3 savings to the successor agency, efficiencies in issuance and cost of issuance savings;

4 NOW, THEREFORE, the Oversight Board of the City of Long Beach as the
5 Successor Agency to the Redevelopment Agency of the City of Long Beach ("Oversight
6 Board") resolves as follows:

7 Section 1. The recitals set forth above are true and correct and are
8 incorporated into this Resolution by this reference.

9 Section 2. Request for Refunding. Pursuant to California Health and
10 Safety Code Section 34177.5(f), the Oversight Board hereby requests the Successor
11 Agency to prepare to issue bonds or incur other indebtedness (the "Refunding
12 Indebtedness"), which may be sold to the County (or a County joint powers authority)
13 following a determination by the Successor Agency to participate in the Refunding
14 Program, to refund all or a portion of the Prior Obligations; provided that this request shall
15 not offer any assurance that bonds will be sold by the issuer under the Refunding
16 Program to refund all or any portion of the Prior Obligations. The Successor Agency is
17 further requested to return to the Oversight Board, once the refunding issue and related
18 documents have been prepared, for approval of the refunding pursuant to California
19 Health and Safety Code Section 34180(b).

20 Section 3. Recovery of Costs. The Oversight Board hereby authorizes
21 and approves the Successor Agency to cover reasonable related costs incurred in
22 connection with this transaction. The Successor Agency may recover such costs from the
23 proceeds of the Refunding Indebtedness or, if the Successor Agency is not able to issue
24 its bonds or incur other indebtedness to refund the bonds or other indebtedness or the
25 issuer under the Refunding Program is not able to issue its bonds relating to the
26 Successor Agency, by including such costs in a future Recognized Obligation Payment
27 Schedule. The recovery of such costs shall be in addition to and shall not count against
28 any administrative cost allowance of the Successor Agency as such allowance is defined

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in California Health and Safety Code Section 34171(b).

Section 4. Severability. 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 the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 5. Effective Date. Pursuant to California Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the California Department of Finance and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval by the Department of Finance.

This resolution shall take effect immediately upon its adoption by the Oversight Board, and the City Clerk shall certify the vote adopting this resolution.

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PASSED, APPROVED, and ADOPTED at a meeting of the Oversight Board
of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the
City of Long Beach held this _____ day of _____, 2014 by the following vote:

Ayes: _____

Noes: _____

Absent: _____

Chairperson, Oversight Board

APPROVED:

Secretary, Oversight Board

Exhibit A
Prior Obligations Outstanding as of August 1, 2014

Dated	Original Amount	Outstanding Amount ***	Project Area	Agency Obligation, Name/Series	LBPPA Series	Agency Obligation Final Maturity	Final Coupon	Next Call Date	Call Price	Federal Taxability	Trustee
12/1/1992	\$81,020,000.00	\$15,075,000.00	Downtown	Downtown Rev. Proj. Tax Allocation Bonds, Series 1992A	Series 1992	11/1/2017	6.00%	No Optional Redemption	N.A.	Tax-Exempt	BNY Mellon
12/1/1992	\$36,470,000.00	\$6,790,000.00	West LB Industrial	West Long Beach Industrial Rev. Proj. Tax Allocation Bonds, Series 1992	Series 1992	11/1/2017	6.00%	No Optional Redemption	N.A.	Tax-Exempt	BNY Mellon
12/1/1992	\$8,755,000.00	\$0.00	N.A.	Parking Lease Revenue Refunding Bonds	Series 1992	Matured	N.A.	N.A.	N.A.	Tax-Exempt	BNY Mellon
6/25/2002	\$26,820,000.00	\$12,550,718.20	Downtown	2002 Subordinate Tax Allocation Bonds (Downtown Rev. Proj.)	2002 Series A	8/1/2024	5.25% / 5.043967%	Any Date	100	Tax-Exempt	BNY Mellon
6/25/2002	\$40,290,000.00	\$6,374,000.00	North LB	2002 Tax Allocation Bonds (North Long Beach Rev. Proj.)	2002 Series A	8/1/2031	6.105%	Any Date	100	Tax-Exempt	BNY Mellon
6/25/2002	\$1,700,000.00	\$0.00	Poly High	2002 Tax Allocation Bonds (Poly High Rev. Proj.)	2002 Series A	Matured	N.A.	N.A.	N.A.	Tax-Exempt	BNY Mellon
6/25/2002	\$8,895,000.00	\$2,942,100.00	West Beach	2002 Tax Allocation Bonds (West Beach Rev. Proj.)	2002 Series A	8/1/2018	5.152%	Any Date	100	Tax-Exempt	BNY Mellon
12/5/2002	\$25,920,000.00	\$22,615,000.00	Downtown	Downtown Rev. Proj. Tax Allocation Refunding Bonds 2002 Series B	2002 Series B	11/1/2022	5.50%	No Optional Redemption	N.A.	Tax-Exempt	US Bank
12/5/2002	\$21,860,000.00	\$18,560,000.00	West LB Industrial	West Long Beach Industrial Rev. Proj. Tax Allocation Refunding Bonds 2002 Series A	2002 Series B	11/1/2024	5.00%	Any Date**	100	Tax-Exempt	US Bank

‡Accreted value as of August 1, 2014.

♣Subject to optional redemption on the date noted and any date thereafter; subject to asset coverage test.

*Subject to optional redemption on the date noted and any date thereafter.

**Callable bonds include bonds maturing from August 1, 2015 through August 1, 2017, and bonds maturing August 1, 2024.

Exhibit A
Prior Obligations Outstanding as of August 1, 2014

Dated	Original Amount	Outstanding Amount ***	Project Area	Agency Obligation, Name/Series	LBPEA Series	Agency Obligation Final Maturity	Final Coupon	Next Call Date	Call Price	Federal Taxability	Trustee
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*** Bonds with zero outstanding par amounts are shown only for the purpose of providing complete disclosure of all Agency bonds that are part of the outstanding LBPEA Series.

Exhibit A
Prior Obligations Outstanding as of August 1, 2014

Dated	Original Amount	Outstanding Amount ***	Project Area	Agency Obligation, Name/Series	LBPEA Series	Agency Obligation Final Maturity	Final Coupon	Next Call Date	Call Price	Federal Taxability	Trustee
3/2/2005	\$56,930,000.00	\$49,895,000.00	Central LB	2005 Tax Allocation Bonds (Central Long Beach Revdev. Proj.)	2005 Series A-1 and Series B	8/1/2040	5.00%	8/01/15*	100 / 102	Tax-Exempt / Taxable	BNY Mellon
3/2/2005	\$4,685,000.00	\$2,135,000.00	Los Altos	2005 Tax Allocation Bonds (Los Altos Revdev. Proj.)	2005 Series A-1	8/1/2020	4.00%	8/01/15*	100	Tax-Exempt	BNY Mellon
3/2/2005	\$64,080,000.00	\$53,180,000.00	North LB	2005 Tax Allocation Bonds (North Long Beach Revdev. Proj.)	2005 Series A-1 and Series B	8/1/2035	5.00%	8/01/15*	100 / 102	Tax-Exempt / Taxable	BNY Mellon
3/2/2005	\$2,557,752.60	\$3,052,015.20†	Poly High	2005 Subordinate Tax Allocation Bonds (Poly High Revdev. Proj.)	2005 Series A-2	8/1/2024	4.90%	No Optional Redemption	N.A.	Tax-Exempt	BNY Mellon
3/2/2005	\$839,553.30	\$1,291,068.32†	West Beach	2005 Subordinate Tax Allocation Bonds (West Beach Revdev. Proj.)	2005 Series A-2	8/1/2020	4.66%	No Optional Redemption	N.A.	Tax-Exempt	BNY Mellon
3/2/2005	\$55,665,000.00	\$48,830,000.00	Housing	2005 Tax Allocation Bonds (Housing Proj.)	2005 Series B	8/1/2040	5.44%	8/01/15*	100 / 102	Taxable	BNY Mellon
2/1/2006	\$7,450,000.00	\$6,850,000.00	Downtown	2002 Subordinate Tax Allocation Bonds (Downtown Revdev. Proj.)	2005 Series C	8/1/2024	5.043967%	8/01/16*	100	Tax-Exempt	BNY Mellon
2/1/2006	\$26,983,000.00	\$24,980,000.00	North LB	2002 Tax Allocation Bonds (North Long Beach Revdev. Proj.)	2005 Series C	8/1/2031	6.105%	8/01/16*	100	Tax-Exempt	BNY Mellon
5/12/2010	\$22,235,000.00	\$22,235,000.00	North LB	Taxable Recovery Zone Economic Development Bonds, 2010 Series A	N.A.	8/1/2020	8.36%	08/01/20*	100	Taxable	BNY Mellon
5/12/2010	\$10,745,000.00	\$8,325,000.00	North LB	Taxable Build America Bonds, 2010 Series B	N.A.	8/1/2020	7.90%	08/01/20*	100	Taxable	BNY Mellon

†Accreted value as of August 1, 2014.

*Subject to optional redemption on the date noted and any date thereafter; subject to asset coverage test.

**Subject to optional redemption on the date noted and any date thereafter.

***Callable bonds include bonds maturing from August 1, 2015 through August 1, 2017, and bonds maturing August 1, 2024.

Exhibit A
Prior Obligations Outstanding as of August 1, 2014

Dated	Original Amount	Outstanding Amount ***	Project Area	Agency Obligation, Name/Series	LBPFA Series	Agency Obligation Final Maturity	Final Coupon	Next Call Date	Call Price	Federal Taxability	Trustee
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*** Bonds with zero outstanding par amounts are shown only for the purpose of providing complete disclosure of all Agency bonds that are part of the outstanding LBPFA Series.