



Legislation Details (With Text)

File #: 15-0110B **Version:** 1 **Name:** 033015-OB-Reso. tax allocation bonds
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File created: 3/19/2015 **In control:** Oversight Board of the Successor Agency to the
Redevelopment Agency of the City of Long Beach
On agenda: 3/30/2015 **Final action:** 3/30/2015

Title: Recommendation to adopt resolution approving the decision of the City of Long Beach, as the Successor Agency to the Redevelopment Agency of the City of Long Beach, to execute various documents required to commence the refunding of various tax allocation bonds for debt service savings; and authorizing appropriate staff to take actions necessary to complete the refunding.

Sponsors:

Indexes: Bonds

Code sections:

Attachments: 1. 033015.ob.item3.pdf, 2. O.B. 06-2015.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|---|----------------------------------|--------|
| 3/30/2015 | 1 | Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach | approve recommendation and adopt | Pass |

Recommendation to adopt resolution approving the decision of the City of Long Beach, as the Successor Agency to the Redevelopment Agency of the City of Long Beach, to execute various documents required to commence the refunding of various tax allocation bonds for debt service savings; and authorizing appropriate staff to take actions necessary to complete the refunding.

The Oversight Board elected on September 22, 2014, to participate in the County of Los Angeles Redevelopment Refunding Program (County Program) and directed the Long Beach Successor Agency to commence the refunding of various tax allocation bonds (Exhibit A).

The Successor Agency (Long Beach SA) to the Redevelopment Agency of the City of Long Beach (Former RDA) has the opportunity to issue bonds to refund approximately \$184 million in tax allocation bonds issued by the Former RDA, to reduce the cost of debt service payments. The bond issues proposed to be refunded were marketed through several series of revenue bonds issued by the Long Beach Bond Finance Authority: the 2002 Series A, the 2002 Series B, the 2005 Series A-1, the 2005 Series A-2, and the 2005 Series B. The bonds involve different project areas that have varying payment requirements and savings levels. Proceeds of the bonds were used by the Former RDA to construct public improvements throughout various project areas. By refunding several bonds at once, the Long Beach SA will eliminate the need for overcollateralization and will reduce additional administrative costs.

Based on current interest rates, the refunding would lower the Long Beach SA's existing debt payments by approximately \$1.69 million each year over 26 years, or \$24.3 million in today's dollars (net present value savings), which will be divided among the City and other various

taxing agencies. These estimates may change based on market conditions at the time of sale.

Legal Documents

The following documents have been prepared for the refunding and are being considered for approval by a resolution of the Oversight Board.

Indenture of Trust. The indenture describes the security and repayment terms of the Agency Bonds and the legal obligations of the Long Beach SA.

Local Obligation Purchase Contract. The purchase contract describes the price and conditions under which the County of Los Angeles Redevelopment Refunding Authority (County Authority) will purchase the Agency Bonds and the obligations of the Long Beach SA to the County Authority.

Continuing Disclosure Agreement. The agreement outlines the obligations of the Long Beach SA and the County Authority to provide ongoing disclosure to bond investors, including the filing of annual reports and event notices in a timely manner.

Trust Agreement. The Trust Agreement describes the security and repayment terms of the bonds to be issued by the County Authority (Authority Bonds), and the covenants of the County Authority to repay the Authority Bonds.

Bond Purchase Agreement and Letter of Representations. The Bond Purchase Agreement outlines the conditions under which the bond underwriters will purchase the County Authority Bonds. The Letter of Representations describes the representations that the Long Beach SA will make to the County Authority and the bond underwriters.

Official Statement and Long Beach SA Disclosure Appendix. The Official Statement (in its preliminary and final form) is used to summarize the bond structure and obligations, and market the County Authority Bonds to investors. The Long Beach SA's disclosure appendix is included in the Official Statement.

Ongoing Role of the Long Beach SA, County, County Authority and City

The Long Beach SA will have the following responsibilities, most of which are existing obligations, including: (1) the scheduled debt service and other eligible costs associated with the refunding bonds on the Recognized Obligation Payment Schedule (ROPS) to be intercepted by the County; (2) filing audited financial statements annually; (3) monitoring redevelopment plan limits and taking appropriate action, if necessary; (4) monitoring any federal arbitrage rebate liability; (5) taking corrective legal action if a change in State law or a Court decision prevents the required Redevelopment Property Tax Trust Fund (RPTTF) revenue from being remitted to the bond trustee; (6) based on data to be provided by the County, prepare annual continuing disclosure reports; and (7) indemnify the County Authority,

the County and the underwriters with respect to any losses they may incur, with respect to the Long Beach SA's redevelopment projects and the County Program.

The County will remit directly from the County-held Long Beach SA RPTTF to the trustee, the authorized amounts on the Long Beach SA's ROPS for payment of the refunding bonds' debt service. The County Authority will agree to annually provide the Long Beach SA with the data obtained from the County so that the Long Beach SA can complete its required annual continuing disclosure reports for the refunding bonds, as well as the bonds of the Long Beach SA not being refunded.

The City will have no obligation or responsibility with respect to the repayment of the refunding bonds or any other aspect of the refunding bond program.

This matter was considered by the Successor Agency to the Redevelopment Agency of the City of Long Beach on March 17, 2015.

Approve recommendation.

A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF LONG BEACH AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH AUTHORIZING THE SUCCESSOR AGENCY TO REFUND CERTAIN OUTSTANDING TAX ALLOCATION BONDS PURSUANT TO ASSEMBLY BILLS X1 26 AND 1484

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APPROVED:

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