



Oversight Board Members:

Linda Jackson-Whitmore, Chair
Chadrick Smalley, Vice Chair

John Marquez
Jeff Lee

Whitney Dotson
Janet Johnson

Sheri Gamba

Agenda

Special Meeting of the Oversight Board of the Successor Agency to the Richmond Community Redevelopment Agency

Thursday, April 11, 2013
6:00 pm

City of Richmond Council Chambers
440 Civic Center Plaza
Richmond CA, 94804

1. Call to Order
2. Roll Call
3. Public Comment
Comments are limited to 3 minutes per speaker.
4. New Business Items
 - a. CONSIDERATION of approving a resolution directing the commencement and preparation of refunding of certain bonds.
6. Adjournment

*Please Note: meeting minutes approval for the Oversight Board's February 21, 2012 meeting will be done at its regularly scheduled meeting in June/July 2013.

Oversight Board meetings are not televised.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Lizeht Zepeda (510) 620-1730. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

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**SUCCESSOR AGENCY TO THE
RICHMOND COMMUNITY
REDEVELOPMENT AGENCY**

AGENDA REPORT

DATE: April 11, 2013

TO: Honorable Chairperson Linda Jackson-Whitmore and Members of the Oversight Board of the Successor Agency to the Dissolved Richmond Community Redevelopment Agency

FROM: James Goins, Finance Director

SUBJECT: OVERSIGHT BOARD'S CONSIDERATION OF A RESOLUTION DIRECTING THE PREPARATION OF A REFUNDING OF CERTAIN BONDS.

STATEMENT OF THE ISSUE:

Staff is seeking adoption of a resolution directing the City of Richmond to initiate proceedings to refund three outstanding bond issues of the City's former redevelopment agency to achieve debt service savings.

RECOMMENDED ACTION:

ADOPT a resolution directing the preparation of a refunding of four outstanding bond issues.

FINANCIAL IMPACT OF RECOMMENDATION:

Current market conditions reflect an estimated \$5.2 million of gross debt service savings, \$3.5 million of Net Present Value debt service savings and a savings rate of approximately 9.28% of the par amount of refunded bonds. The refunding bonds would carry the same maturity schedule as the prior bonds, with the debt service savings spread over the next 16 years. By reducing annual debt service costs over the life of the bonds, the Agency will reduce its cash flow, increasing property tax distribution among all the relevant taxing entities.

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DISCUSSION:

Under Health and Safety Code Section 34177.5(f), the oversight board may direct the successor agency to issue bonds to refund the bonds of its former redevelopment agency, in order to provide savings to the successor agency, so long as the successor agency can recover its costs relating to the transaction.

The City has formed a financing team to prepare the refunding transaction: Orrick, Herrington & Sutcliffe LLP, as bond counsel; Tamalpais Advisors, Inc., as financial advisor; RBC Capital Markets, as underwriter; and Lofton & Jennings, as disclosure counsel.

There are several key steps that need to be completed and conditions that must be satisfied in order to effect a refunding transaction of the City's outstanding redevelopment agency debt issues:

1. The Oversight Board must direct the City to commence the refunding process, thereby causing necessary financing documents to be prepared and preserving the City's ability to recover its transaction related costs.
2. The Finance Committee and the City Council must each review and approve the detailed refunding transaction and bond documents.
3. The Oversight Board in turn must review and approve the detailed refunding transaction and bond documents.
4. The State Department of Finance must receive detailed information regarding the proposed transaction, including a certified copy of the Oversight Board's adopted resolution directing the preparation of the refunding transaction.
5. Pursuant to Health and Safety Code section 34179(h), the State Department of Finance must approve the transaction details, which approval may take up to 60 days.
6. Market conditions must be such that significant debt service savings can be achieved at the time the refunding bonds are sold.

DOCUMENT ATTACHMENTS:

Attachment 1 – Oversight Board Resolution

Attachment 2 – Refunding Summary and Aggregate Savings

RESOLUTION NO. ___
A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF RICHMOND
AS SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY
REDEVELOPMENT AGENCY, DIRECTING THE COMMENCEMENT OF A
REFUNDING OF CERTAIN BONDS

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Richmond (the "RCRA Successor Agency") is the successor agency to the dissolved Richmond Community Redevelopment Agency ("Agency"), confirmed by Resolution No.4-12 adopted on January 24, 2012; and

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

WHEREAS, the RCRA Successor Agency has duly established such oversight board (the "Oversight Board") pursuant to Health and Safety Code section 34179(a); and

WHEREAS, the Oversight Board, pursuant to Health and Safety Code section 34177.5(f) may direct the RCRA Successor Agency to issue bonds to refund the bonds of its former redevelopment agency to provide savings to the RCRA Successor Agency; and

WHEREAS, the Oversight Board may only direct such a refunding so long as the successor agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the recovery of such costs in connection with the transaction shall be supplemental to, and not constrained by the administrative cost allowance as such allowance is defined in Health and Safety Code section 34171(b); and

WHEREAS, in February 1998, the Agency issued its Richmond Redevelopment Agency Harbour Redevelopment Project Tax Allocation Refunding Bonds 1998 Series A (the "1998A Bonds") in the aggregate principal amount of \$21,862,799.15; and

WHEREAS, in November, 2000, the Richmond Joint Powers Financial Authority (the "Authority") issued its Richmond Joint Powers Financing Authority issued its Richmond Joint Powers Financing Authority Tax Allocation Bonds Series 2000A (the "2000A Bonds") in the aggregate principal amount of \$25,720,000; and

WHEREAS, in November 2000, the Authority issued its Richmond Joint Powers Financing Authority Tax Allocation Bonds Series 2000B (Taxable) (the "2000B Bonds") in the aggregate principal amount of \$5,795,000;

WHEREAS, in August 2003, the Authority issued its Richmond Joint Powers Financing Authority Tax Allocation Bonds Series 2003A (Tax-Exempt) (the "2003A Bonds") in the aggregate principal amount of \$28,580,000; and

WHEREAS, Tamalpais Advisors, Inc., the independent financial advisor to the RCRA Successor Agency, has indicated that there are potential debt service savings that can be achieved through a refinancing of the 1998A Bonds, the 2000A Bonds, the 2000B Bonds, and the 2003A Bonds (together, the "Prior Bonds") and the Oversight Board now wishes to direct

the RCRA Successor Agency to prepare for the refunding of all or a portion of the Prior Bonds to achieve debt service savings;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE CITY OF RICHMOND AS SUCCESSOR AGENCY TO THE DISSOLVED RICHMOND COMMUNITY REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

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

Section 2. Request for Refunding. Pursuant to Health and Safety Code section 34177.5(f), the Oversight Board hereby requests the “RCRA Successor Agency, to prepare to issue bonds (the “Refunding Bonds”) to refund all or a portion of the Prior Bonds. The RCRA Successor Agency is further requested to return to the Oversight Board, once the refunding issue and related documents have been prepared, for approval of the refunding pursuant to Health and Safety Code Section 34180(b).

Section 3. Recovery of Costs. The Oversight Board hereby authorizes and approves the RCRA Successor Agency to cover related costs incurred in connection with this transaction. The RCRA may recover such costs from the proceeds of the Refunding Bonds, or, if the RCRA is not able to issue the bonds, by including such costs in a future Recognized Obligation Payment Schedule. The recovery of such costs shall be in addition to and shall not count against the administrative cost allowance as such allowance is defined in 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 Health and Safety Code section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

I certify that the foregoing Resolution was passed and adopted by the Oversight Board,
at a regular meeting held on April 11, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Chairperson

Oversight Board Secretary

Richmond Joint Powers Financing Authority

Refunding Summary and Aggregate Savings (Uniform Savings Scenario)

	Refunding of 1998A	Refunding of 2000A	Refunding of 2003A	Refunding of 2000B (Taxable)	Total
Refunding Par	\$9,650,000	\$11,065,000	\$13,345,000	\$2,655,000	\$36,715,000
Prior Bonds Outstanding	\$9,860,000	\$12,185,000	\$13,800,000	\$2,810,000	\$38,655,000
Prior Reserve on Hand	\$909,690	\$1,809,560	\$804,000	\$480,836	\$4,004,086
Prior Bond Yield	4.92%	5.37%	5.14%	7.74%	5.23%
Refuding Bond All-in TIC	3.08%	2.59%	3.57%	4.19%	3.29%
Refuding Bonds Yield	2.88%	2.88%	2.88%	2.88%	2.88%
Total Savings	\$986,436	\$2,004,996	\$1,673,454	\$606,414	\$5,271,300
NPV Savings	\$910,868	\$992,375	\$1,376,215	\$308,151	\$3,587,609
PV Savings (Cash Flow) ^a	\$824,329	\$1,839,379	\$1,314,075	\$560,149	\$4,537,932
Net Savings as % of Refunded Bonds	9.24%	8.14%	9.97%	10.97%	9.28%
Period Ending	Savings	Savings	Savings	Savings	Gross Savings
09/01/2013	73,023	282,171	74,179	82,667	512,041
09/01/2014	88,463	329,050	103,413	102,375	623,300
09/01/2015	91,363	325,800	102,388	101,784	621,334
09/01/2016	90,363	325,150	100,213	100,602	616,327
09/01/2017	93,363	327,650	102,938	98,847	622,797
09/01/2018	90,088	326,900	100,313	101,457	618,757
09/01/2019	90,738	12,825	131,775	3,432	238,770
09/01/2020	92,088	16,625	128,275	2,682	239,670
09/01/2021	92,700	15,100	128,750	6,998	243,548
09/01/2022	92,575	3,513	127,938	1,123	225,148
09/01/2023	91,675	3,200	130,775	977	226,627
09/01/2024		2,888	223,100	868	226,856
09/01/2025		7,813	219,400	760	227,972
09/01/2026		7,488		651	8,139
09/01/2027		6,913		543	7,455
09/01/2028		6,275		434	6,709
09/01/2029		5,638		217	5,855
Total	\$986,436	\$2,004,996	\$1,673,454	\$606,414	\$5,271,300

a) Cash flow savings are enhanced by a reduction in the reserve fund