



**Contra
Costa
County**

To: Contra Costa County Public Financing Authority
From: FINANCE COMMITTEE
Date: April 25, 2017

Subject: Issuance and Sale of Tax Allocation Refunding Bonds

RECOMMENDATION(S):

Acting as the Governing Board of the County of Contra Costa Public Financing Authority:

1. ADOPT Resolution No. 2017/140 approving four Escrow Deposit and Trust Agreements (the "Escrow Agreements") between the County of Contra Costa Public Finance Authority (the "Authority"), the Successor Agency to the Contra Costa County Redevelopment Agency (the "Successor Agency") and U.S. Bank National Association in connection with the issuance of two series of tax allocation refunding bonds (the "Refunding Bonds") and authorizing the execution and delivery of the four Escrow Agreements.
2. AUTHORIZE and DIRECT the Chair, the Executive Director, the Treasurer and the Secretary of the Authority to take necessary actions and execute necessary documents in order to assist the Successor Agency with the lawful issuance and sale of the Refunding Bonds, and to use the proceeds thereof to refinance five series of tax allocation bonds previously issued for the benefit of the former Contra Costa County Redevelopment Agency.

FISCAL IMPACT:

The issuance of the Refunding Bonds at current market rates is expected to save over \$25 million in debt service payments over the next 19 years. The savings will be distributed

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **04/25/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: April 25, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

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cc:

among the various taxing entities within the former redevelopment project areas.

BACKGROUND:

In 1999, 2003 and 2007, the County of Contra Costa Public Financing Authority (the "Authority") issued bonds for the benefit of the former County of Contra Costa Redevelopment Agency (the "RDA"). The bond debt service is paid from the revenue of 12 tax increment loans made to the former redevelopment project areas (Contra Costa Centre, North Richmond, Bay Point, Rodeo, and Montalvin Manor) from bond proceeds.

Staff to the Successor Agency to the RDA (the "Successor Agency"), with assistance from the County's municipal advisor, Montague DeRose and Associates, determined that, due to prevailing market conditions, it is in the best interest of the Successor Agency to refund the existing bonds with the issuance of two series of refunding bonds (the "Refunding Bonds"). The proposed refunding is expected to save approximately \$25 million in debt service payments over the next 19 years. This is a savings of 14.2 percent, which is significantly greater than the 3 percent savings required by the County's Debt Management Policy for Tax Allocation Bonds. The debt service savings will be distributed to the various taxing entities within the former redevelopment project areas.

The refunding will consolidate the outstanding bonds and underlying loans resulting in a significant reduction of the monitoring and reporting burden on County staff.

In addition to this recommended action of the Authority, the Finance Committee is recommending parallel actions from the Governing Board of the Successor Agency (see April 25, 2017 agenda item D.6.) If approved by the Successor Agency, the Successor Agency Oversight Board will considered authorizing the issuance of the Refunding Bonds at its May 4, 2017 meeting. The State Department of Finance must review and approve the transaction before staff can return to the Successor Agency for approval of the final bond sale transaction and associated documents. This is expected to be the only action required by the Authority.

CONSEQUENCE OF NEGATIVE ACTION:

The Successor Agency will be unable to issue the Refunding Bonds and thereby increase revenue to the taxing entities in the former redevelopment project areas.

ATTACHMENTS

Resolution No. 2017/140

Escrow Agreement for the 2007A-T Authority Bonds

Escrow Agreement for the 1999 Authority Bonds

Escrow Agreement for the 2003 Authority Bonds

Escrow Agreement for the 2007A and 2007B Authority Bonds