Successor Agency to the Turlock Redevelopment Agency Meeting Agenda

APRIL 26, 2016
6:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

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**and via teleconference:
Le Meridien Arlington
1121 19th Street North
Arlington, VA 22209
Telephone No. (703) 351-9170

Chairman
Gary Soiseth

Agency Members
William DeHart, Jr. **Steven Nascimento**
Matthew Jacob **Amy Bublak**

Executive Director
Gary R. Hampton
Secretary
Kellie E. Weaver
Agency Attorney
Phaedra A. Norton

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Successor Agency to the Turlock Redevelopment Agency meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, please contact the City Clerk's Office at (209) 668-5540. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Successor Agency to the Turlock Redevelopment Agency on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the Agency's consideration of the item.

AGENDA PACKETS: Prior to the Successor Agency to the Turlock Redevelopment Agency meeting, a complete Agenda Packet is available for review on the City's website at www.cityofturlock.org and in the City Clerk's Office at 156 S. Broadway, Suite 230, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Agency after distribution of the Agenda Packet are also available for public inspection in the City Clerk's Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. CALL TO ORDER

2. CITIZEN PARTICIPATION:

This is the time set aside for members of the public to directly address the Successor Agency to the Turlock Redevelopment Agency on any item of interest to the public, before or during the Agency's consideration of the item, that is within the subject matter jurisdiction of the Agency. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Agency addresses the matter.

No action or discussion may be undertaken on any item not appearing on the posted agenda, except that Agency may refer the matter to staff or request it be placed on a future agenda.

3. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS

4. CONSENT CALENDAR:

Information concerning the consent items listed hereinbelow has been forwarded to each Agency Member prior to this meeting for study. Unless the Chairman, an Agency Member or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Agency. The action taken by the Agency in approving the consent items is set forth in the explanation of the individual items.

A. *Motion*: Accepting Minutes of the January 26, 2016 Meeting of the Successor Agency to the Turlock Redevelopment Agency

5. PUBLIC HEARINGS: None

6. SCHEDULED MATTERS:

A. Request to direct staff to initiate the refunding (refinancing) process for the following outstanding Successor Agency Debt Obligations: (1) 1999 Revenue Bonds, (2) 2006 Tax Allocation Revenue Bonds, and (3) 2011 Tax Allocation Revenue Bonds. *(Lorenzi)*

Recommended Action:
Resolution: Directing staff to initiate the refunding (refinancing) process for the following outstanding Successor Agency Debt Obligations: (1) 1999 Revenue Bonds, (2) 2006 Tax Allocation Revenue Bonds, and (3) 2011 Tax Allocation Revenue Bonds

7. ADJOURNMENT

4A

JANUARY 26, 2016
6:00 p.m.
City of Turlock Yosemite Room
156 S. Broadway, Turlock, California

DRAFT

MINUTES
Regular Meeting
Successor Agency to the
Turlock Redevelopment Agency

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1. **CALL TO ORDER** – Chairman Soiseth called the meeting to order at 7:04 p.m.
   PRESENT: Agency Members Bill DeHart, Steven Nascimento, Amy Bublak, Matthew Jacob and Chairman Soiseth
   ABSENT: None

2. **CITIZEN PARTICIPATION:** None

3. **DECLARATION OF CONFLICT OF INTEREST AND DISQUALIFICATIONS**: None

4. **CONSENT CALENDAR**

Action: Motion by Agency Member Bublak, seconded by Agency Member Jacob, to adopt the consent calendar. Motion carried 5/0 by the following vote:

Agency Member DeHart	Agency Member Nascimento	Agency Member Bublak	Agency Member Jacob	Chairman Soiseth
Yes	Yes	Yes	Yes	Yes

A. *Motion*: Accepting Minutes of the September 22, 2015 Meeting of the Successor Agency to the Turlock Redevelopment Agency

5. **PUBLIC HEARINGS:** None

6. **SCHEDULED MATTERS:**

A. Sr. Accountant Marie Lorenzi presented the staff report on the request to approve the proposed administrative budgets for the six-month fiscal periods from July 1, 2016 through December 31, 2016 and from January 1, 2017 through June 30, 2017, and taking certain related actions.

Chairman Soiseth asked for public comment. No one spoke. Chairman Soiseth closed public comment.

Action: **Resolution No. SA-RDA-2016-001** Approving proposed administrative budgets for the six-month fiscal periods from July 1, 2016 through December 31, 2016 and from January 1, 2017 through June 30, 2017, and taking certain related actions was introduced by Agency Member Bublak, seconded by Agency Member DeHart, and carried 5/0 by the following vote:

Agency Member DeHart	Agency Member Nascimento	Agency Member Bublak	Agency Member Jacob	Chairman Soiseth
Yes	Yes	Yes	Yes	Yes

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B. Sr. Accountant Marie Lorenzi presented the staff report on the request to approve a Recognized Obligation Payment Schedule for the fiscal period from July 1, 2016 through June 30, 2017 (ROPS 16-17) pursuant to Health and Safety Code Section 34177 and taking certain actions in connection therewith.

Chairman Soiseth asked for public comment. No one spoke. Chairman Soiseth closed public comment.

Action: **Resolution No. SA-RDA-2016-002** Approving a Recognized Obligation Payment Schedule for the fiscal period from July 1, 2016 through June 30, 2017 (ROPS 16-17) pursuant to Health and Safety Code Section 34177 and taking certain actions in connection therewith was introduced by Agency Member Nascimento, seconded by Agency Member DeHart, and carried 5/0 by the following vote:

Agency Member DeHart	Agency Member Nascimento	Agency Member Bublak	Agency Member Jacob	Chairman Soiseth
Yes	Yes	Yes	Yes	Yes

7. MATTERS TOO LATE FOR AGENDA/NON-AGENDA ITEMS: None

8. CLOSED SESSION: None

9. ADJOURNMENT

Motion by Agency Member Nascimento, seconded by Agency Member DeHart, to adjourn the meeting at 7:11 p.m.

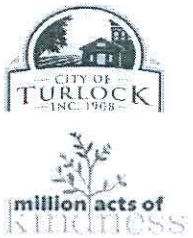
RESPECTFULLY SUBMITTED

DRAFT

Jennifer Land
Deputy City Clerk

6A

Successor Agency to the Turlock Redevelopment Agency Synopsis



April 26, 2016

From: Kellie Jacobs-Hunter, Administrative Services Director

Prepared by: Marie Lorenzi, Senior Accountant

Agendized by: Gary R. Hampton, Executive Director

1. ACTION RECOMMENDED:

Resolution: Directing staff to initiate the refunding (refinancing) process for the following outstanding Successor Agency Debt Obligations: (1) 1999 Revenue Bonds, (2) 2006 Tax Allocation Revenue Bonds, and (3) 2011 Tax Allocation Revenue Bonds

2. DISCUSSION OF ISSUE:

When the Turlock Redevelopment Agency (RDA) was dissolved by legislative action by the State of California, the Successor Agency took over the repayment responsibilities for three pieces of outstanding debt issued by the Turlock Public Financing Authority for which RDA tax increment revenue had been pledged for repayment.

These debt issuances were (1) 1999 Revenue Bonds – the proceeds of which helped finance infrastructure improvements in the City's downtown core; (2) 2006 Tax Allocation Revenue Bonds – the proceeds of which helped finance the reconstruction of the Carnegie Arts Center, the rebuilding of Fire Station #1, the construction of infrastructure in the Turlock Regional Industrial Park and the purchase of property surrounding the Fulkerth/Hwy 99 interchange; and (3) 2011 Tax Allocation Revenue Bonds – the proceeds of which were used as part of the financing package for the construction of the Public Safety Facility.

At this time, the interest rate environment is favorable to the refunding (refinancing) of this outstanding debt. The projected average annual savings (projections based on the interest rate environment in February 2016) is in excess of $300,000. Staff anticipates that the refunding can be completed by September 2016 when the next debt service payments are due on this debt. This debt is being repaid by the revenue received by the Successor Agency and has been shown as enforceable obligations on the Recognized Obligation Payment Schedule (ROPS) the Successor Agency has been filing with the California Department of Finance as part of the dissolution process.

At this time, staff is only requesting approval to initiate the process. Bond issuance documents will be brought back before the Successor Agency and the Oversight Board for approval at the appropriate time in the process.

3. BASIS FOR RECOMMENDATION:

Staff is recommending approval by the Successor Agency Board to direct staff to initiate a refunding of the outstanding debt obligations noted above as the interest rate environment is favorable and the refunding is projected to yield over $300,000 in average annual savings to the Successor Agency.

4. FISCAL IMPACT / BUDGET AMENDMENT:

The projected savings realized by the Successor Agency will be in the form of lower debt service payments (less interest expense). The City's General Fund may realize additional revenue in 2 to 3 years at a time when the Successor Agency's annual ROPS obligations are less than available revenue. See Exhibit A for summary of potential savings.

While staff anticipates in excess of $300,000 in average annual savings from the refunding, the actual savings will not be known until the process nears completion and the interest rates at that time are known.

5. EXECUTIVE DIRECTOR'S COMMENTS:

Recommend approval.

6. ENVIRONMENTAL DETERMINATION:

N/A

7. ALTERNATIVES:

Direct staff to not proceed with a refunding. Staff does not recommend this alternative as the refunding will lower long-term obligations of the Successor Agency. If this goal cannot be met, the refunding will not proceed.

Successor Agency to the Turlock Redevelopment Agency
Potential Savings due to Refunding SA's Outstanding Debt

	1999 Revenue Bonds	2006 Tax Allocation Bonds	2011 Tax Allocation Bonds	Total Outstanding
Current Outstanding Bonds				
Outstanding Par (as of 3-1-2016)	$2,355,000	$21,905,000	$14,480,000	$38,740,000
Average Coupon	5.45%	4.94%	7.43%	6.07%
Final Maturity	9/1/2024	9/1/2036	9/1/2039	
Call Date	currently callable	9/1/2016	3/1/2021	
Potential Refunding Bonds				
Par amount	$1,740,000	$18,255,000	$15,670,000	$35,665,000
True Interest Cost	1.96%	3.39%	3.71%	3.51%
Net Present Value Savings	$324,696	$3,224,383	$2,554,387	$6,103,466
% PV Savings of Outstanding Bonds	13.79%	14.72%	17.64%	15.75%
Average Annual Savings	$74,677	$243,436	$160,099	$397,757

Savings calculations are based on market interest rates in February 2016 and represent market potential at that point in time and certain assumptions regarding ratings, bond insurance, and debt service reserve funding.

The actual savings may differ and will be determined by market conditions at the time the refinancing closes which is currently anticipated to be sometime in August 2016.

Exhibit A

BEFORE THE SUCCESSOR AGENCY TO THE TURLOCK REDEVELOPMENT AGENCY

IN THE MATTER OF DIRECTING STAFF TO INITIATE THE REFUNDING (REFINANCING) PROCESS FOR THE FOLLOWING OUTSTANDING SUCCESSOR AGENCY DEBT OBLIGATIONS: (1) 1999 REVENUE BONDS, (2) 2006 TAX ALLOCATION REVENUE BONDS, AND (3) 2011 TAX ALLOCATION REVENUE BONDS	**RESOLUTION NO. SA-RDA-2016-**

WHEREAS, the Successor Agency to the Turlock Redevelopment Agency took over the repayment obligations for debt issued by the Turlock Public Financing Authority (PFA) for which Turlock Redevelopment Agency tax increment was pledged for repayment when the RDA was dissolved pursuant to California State Law; and

WHEREAS, the current favorable interest rate environment provides the opportunity for interest cost savings over the remaining life of the debt if the outstanding bonds are refunded; and

WHEREAS, staff has had preliminary discussions with its debt issuance advisors as to the process of refunding debt for which the Successor Agency has repayment obligations and is now seeking Successor Agency Board approval to initiate the refunding process; and

WHEREAS, bond issuance documents will be brought back before the Successor Agency and the Oversight Board for approval at the appropriate time in the process.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency does direct staff to initiate the refunding process for the following outstanding PFA bonds for which the Successor Agency has repayment obligations: (1) 1999 Revenue Bonds, (2) 2006 Tax Allocation Bonds, and (3) 2011 Tax Allocation Revenue Bonds.

PASSED AND ADOPTED at a special meeting of the Board of Directors of the Successor Agency to the Turlock Redevelopment Agency this 26th day of April, 2016, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

_____
Kellie E. Weaver, City Clerk,
City of Turlock, County of Stanislaus,
State of California