



Successor Agency/ City Council Staff Report

DATE: SEPTEMBER 2, 2015 CONSENT CALENDAR

SUBJECT: APPROVAL OF AN AGREEMENT REGARDING EXPENDITURE OF EXCESS BOND PROCEEDS BETWEEN THE PALM SPRINGS SUCCESSOR AGENCY AND THE CITY OF PALM SPRINGS

FROM: DAVID H. READY, CITY MANAGER

BY: MARCUS FULLER, ASSISTANT CITY MANAGER

SUMMARY

In 2007, the former Redevelopment Agency issued tax allocation bonds to fund a variety of projects. Approximately \$1.04 million of such funds were unexpended as of the date of dissolution of the Redevelopment Agency. The Successor Agency may spend such funds for the purpose for which the bonds were issued.

This action approves an agreement between the City and the Successor Agency to administer the expenditure of the remaining 2007 Bond proceeds on paving of the Suitt-Block Parcel, to provide parking for the Convention Center.

RECOMMENDATION:

1. As Successor Agency, Adopt Resolution No. ____, "A RESOLUTION OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AND THE CITY OF PALM SPRINGS."

2. As City Council, Adopt Resolution No. ____, "A RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF PALM SPRINGS, CALIFORNIA, ACTING SOLELY IN ITS CAPACITY AS SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AND THE CITY OF PALM SPRINGS."

STAFF ANALYSIS:

The legislation that dissolved redevelopment agencies (the "Dissolution Act") prescribes the procedures to be followed for winding down the former redevelopment agency's affairs.

The Dissolution Act provides that after the Successor Agency to the Redevelopment Agency has received a Finding of Completion from the state Department of Finance ("DOF"), the Successor Agency may enter into an agreement to list obligations to expend excess bond proceeds, so long as the expenditures are consistent with the bond covenants and used within the boundaries of the former Redevelopment Agency Project Area. The Successor Agency received its Finding of Completion from DOF on January 2, 2014.

The proposed Agreement Regarding Expenditure of Excess Bond Proceeds would authorize the Successor Agency to transfer excess bond proceeds from the Redevelopment Agency's Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C to the City, to be used in accordance with the bond covenants. DOF has approved similar agreements transferring bond proceeds from a Successor Agency to its city.

The Oversight Board will consider the Agreement at its meeting on September 15, 2015. If the Agreement is approved by the City and Successor Agency, the Successor Agency may list the Agreement as an enforceable obligation on its Recognized Obligation Payment Schedule. In anticipation of approval, this item will be listed on the 2015-16B Recognized Obligation Payment Schedule.

The proposed Agreement Regarding Expenditure of Excess Bond Proceeds with the City would permit all excess bond proceeds to be transferred from the Successor Agency to the City, which in turn must use the proceeds in accordance with the bond covenants. The current balance of the unexpended proceeds, including interest calculated through March 31, 2015, is \$1,042,864.92. A transfer of this amount would occur (together with any additional accrued interest from March 31, 2015), with the funds then eligible to be used, pursuant to the original Taxable Tax Allocation Bonds, 2007 Series C, to fund the cost of paving the Suitt-Block Parcel for additional Convention Center parking or other improvements consistent with the bond covenants. The Suitt-Block parcel is located in Merged Project No. 2.

FISCAL IMPACT:

The transfer will allow the Successor Agency to use remaining bond proceeds for capital improvements. The cost to pave the 9.3 acre Suitt-Block parcel is approximately

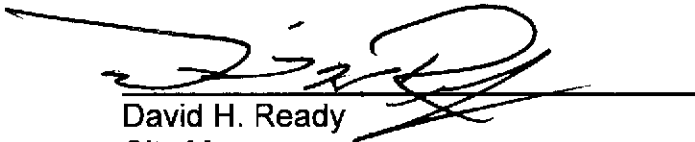
\$1.2 million. The City will fund the difference in the cost of the project and the amount of available 2007 Bond proceeds.



Marcus Fuller
Assistant City Manager



Geoffrey Kiehl
Director of Finance



David H. Ready
City Manager



Douglas C. Holland
City Attorney

Attachments:

- Resolution of the Successor Agency Approving a Bond Expenditure Agreement
- Resolution of the City Council Approving a Bond Expenditure Agreement
- Agreement Regarding Expenditure of Excess Bond Proceeds

RESOLUTION NO. _____

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AND THE CITY OF PALM SPRINGS.

WHEREAS, pursuant to Assembly Bill 1X 26, enacted on June 28, 2011, and Assembly Bill 1484, enacted on June 27, 2012, (collectively the "Dissolution Act"), the Community Redevelopment Agency of the City of Palm Springs ("Redevelopment Agency") was dissolved on February 1, 2012; and

WHEREAS, on January 4, 2012, under the authority of the Dissolution Act and by adoption of Resolution No. 23071, the City of Palm Springs declared itself to be the Successor Agency to the Redevelopment Agency ("Successor Agency") upon the Redevelopment Agency's dissolution; and

WHEREAS, pursuant to Health and Safety Code section 34191.4(c), after a successor agency has received a finding of completion from the state Department of Finance ("DOF"), a successor agency, with the approval of its oversight board, may list enforceable obligations to expend excess bond proceeds on its Recognized Obligation Payment Schedule ("ROPS"), so long as such expenditures are consistent with the bond covenants; and

WHEREAS, the Successor Agency received a Finding of Completion from DOF on January 2, 2014; and

WHEREAS, the Successor Agency has excess bond proceeds from the Redevelopment Agency's Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C; and

WHEREAS, the Successor Agency and City desire to have all the excess bond proceeds held by the Successor Agency transferred to the City, to be expended in a manner consistent with the applicable bond covenants.

NOW, THEREFORE BE IT RESOLVED, THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS HEREBY FINDS AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and incorporated herein.

SECTION 2. The Agreement Regarding Expenditure of Excess Bond Proceeds, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, is hereby approved and the City Manager is hereby authorized to execute said agreement.

SECTION 3. All legal prerequisites to the adoption of this Resolution have been satisfied.

SECTION 4. The City Manager or designee is hereby authorized to take such actions as are necessary and appropriate to implement this decision of the Successor Agency.

SECTION 5. This Resolution shall become effective in accordance with Health and Safety Code section 34179(h), which authorizes DOF to review all actions taken by the Oversight Board.

PASSED, APPROVED AND ADOPTED BY THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY ON THIS 2ND DAY OF SEPTEMBER, 2015, BY THE FOLLOWING VOTE:

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on 2nd day of September, 2015, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF PALM SPRINGS, CALIFORNIA, APPROVING A BOND EXPENDITURE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AND THE CITY OF PALM SPRINGS.

WHEREAS, pursuant to Assembly Bill 1X 26, enacted on June 28, 2011, and Assembly Bill 1484, enacted on June 27, 2012, (collectively the "Dissolution Act"), the Community Redevelopment Agency of the City of Palm Springs ("Redevelopment Agency") was dissolved on February 1, 2012; and

WHEREAS, on January 4, 2012, under the authority of the Dissolution Act and by adoption of Resolution No. 23071, the City of Palm Springs declared itself to be the Successor Agency to the Redevelopment Agency ("Successor Agency") upon the Redevelopment Agency's dissolution; and

WHEREAS, pursuant to Health and Safety Code section 34191.4(c), after a successor agency has received a finding of completion from the state Department of Finance ("DOF"), a successor agency, with the approval of its oversight board, may list enforceable obligations to expend excess bond proceeds on its Recognized Obligation Payment Schedule ("ROPS"), so long as such expenditures are consistent with the bond covenants; and

WHEREAS, the Successor Agency received a Finding of Completion from DOF on January 2, 2014; and

WHEREAS, the Successor Agency has excess bond proceeds from the Redevelopment Agency's Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C; and

WHEREAS, the Successor Agency and City desire to have all the excess bond proceeds held by the Successor Agency transferred to the City, to be expended in a manner consistent with the applicable bond covenants.

NOW, THEREFORE BE ITS RESOLVED, THE CITY COUNCIL OF THE CITY OF PALM SPRINGS HEREBY FINDS AND RESOLVES AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and incorporated herein.

SECTION 2. The Agreement Regarding Expenditure of Excess Bond Proceeds, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, is hereby approved and the City Manager is hereby authorized to execute said agreement.

SECTION 3. All legal prerequisites to the adoption of this Resolution have been satisfied.

SECTION 4. The City Manager or designee is hereby authorized to take such actions as are necessary and appropriate to implement this decision of the City Council.

SECTION 5. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL THIS 2ND DAY OF SEPTEMBER, 2015, BY THE FOLLOWING VOTE:

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

Exhibit A

[Agreement Regarding Expenditure of Excess Bond Proceeds]

**AGREEMENT REGARDING
EXPENDITURE OF EXCESS BOND PROCEEDS**

This Agreement Regarding Expenditure of Excess Bond Proceeds ("Agreement") is entered into as of _____, 2015 by and between the Successor Agency to the Palm Springs Community Redevelopment Agency ("Successor Agency") and the City of Palm Springs, a municipal corporation and charter city ("City"). The Successor Agency and the City are hereinafter collectively referred to as the "Parties."

RECITALS

- A. Pursuant to the Community Redevelopment Law (Health & Safety Code §33000 et al.) ("CRL"), the former Community Redevelopment Agency of the City of Palm Springs ("Redevelopment Agency") had responsibility to implement the Merged Project No. 2 Redevelopment Plan, originally adopted by Ordinance No. 1583 enacted by the City Council of the City of Palm Springs ("City Council") which consolidated the original Tahquitz-Andreas Redevelopment Project, the Baristo-Farrell Redevelopment Project and the Canyon Redevelopment Project.
- B. Pursuant to an Indenture of Trust, dated as of May 1, 2004, as supplemented by a First Supplement to Indenture of Trust dated as of August 1, 2007 (as amended and supplemented, the "Indenture"), and executed by and between the Redevelopment Agency and The Bank of New York Mellon Trust Company, N.A., as Trustee, the Agency issued Merged Project No. 2 Taxable Tax Allocation Bonds, 2007 Series C (the "2007 Bonds"). The 2007 Bonds were to be used for financing the Redevelopment Project.
- C. Proceeds of the 2007 Bonds were to be used to aid in the financing of the Redevelopment Project, and particularly, provided funding for the City to acquire the Suitt-Block Parcel adjacent to the Convention Center on _____, 2007.
- D. The Suitt-Block Parcel will be used for additional parking for the Convention Center.
- E. The Suitt-Block Parcel requires paving to make it suitable for use as a parking lot to serve the Convention Center.
- F. Pursuant to Resolution No. 23071, adopted by the City Council on January 4, 2012, the City agreed to serve as the Successor Agency to the Redevelopment Agency commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill 1X 26.
- G. Health and Safety Code section 34191.4(c) provides that once the Successor Agency has been issued a Finding of Completion by the California Department of Finance ("DOF") the Successor Agency is authorized to use bond proceeds for the purposes for which the bonds were sold. Further, the Successor Agency may designate the use of and commit indebtedness obligation proceeds that were derived from indebtedness issued for redevelopment purposes on or before December 31, 2010, and that remain available after the satisfaction of enforceable obligations that have been approved on a Recognized Obligation Payment Schedule ("ROPS") and that are consistent with the indebtedness obligation covenants (hereafter "Excess Bond Proceeds").

- H. The DOF issued a Finding of Completion to the Successor Agency on January 2, 2014.
- I. Health and Safety Code section 34191.4(c) further provides that the expenditure of Excess Bond Proceeds must be listed separately on the applicable ROPS.
- J. The Parties desire to enter into this Agreement to use the Excess Bond Proceeds for the purposes identified in and consistent with the covenants contained in the Indenture and related documents (the "Bond Covenants") and the requirements of the CRL, and to provide for the Successor Agency to transfer the Excess Bond Proceeds to the City to be used for such purposes.
- K. As of June 30, 2015, the Successor Agency had \$_____ of Excess Bond Proceeds available from the 2007 Bonds.
- L. This Agreement was approved by the Oversight Board to the Successor Agency in a public meeting on _____, 2015.
- M. The execution of this Agreement was approved in a public meeting of the City Council and the Successor Agency on _____, 2015.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, the Parties hereby agree as follows:

1. Recitals. The Recitals above are true and correct and are incorporated herein by reference.
2. Effective Date. This Agreement shall become effective upon the date set forth pursuant to Health and Safety Code section 34179(h).
3. Term. The term of this Agreement shall commence on the Effective Date, and shall continue in effect until the date that all Excess Bond Proceeds are expended in accordance with the requirement of this Agreement.
4. Use of Excess Bond Proceeds. The City agrees that it shall use the Excess Bond Proceeds solely for the purposes identified in Recital E above, or for other projects consistent with the 2007 Bond covenants and the provisions of the CRL that apply to the expenditure of redevelopment funds.
5. Transmittal of Excess Bond Proceeds. Upon the Effective Date, the Successor Agency shall transfer the Excess Bond Proceeds (including any interest accrued thereon by the Effective Date or received with respect thereto after the Effective Date) to the City, and the City shall deposit such funds into a separate Excess Bond Proceeds Capital Improvement Account for the City's use in accordance with the terms, conditions and purposes set forth in this Agreement.
6. Project Approvals; Environmental Review. This Agreement is not intended to limit in any manner the discretion of the City in connection with the issuance of approvals and entitlements for the projects described in this Agreement, nor to avoid legally required processes attendant to project approval, including, without limitation, the undertaking and completion of any required environmental review pursuant to the California Environmental Quality Act and the National

Environmental Protection Act, as applicable, and the review and approval of plans and specifications.

7. Severability. If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished. In addition, the Parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant or condition can be accomplished to the maximum extent legally permissible.

8. No Third-Party Beneficiaries; Assignments. Nothing in this Agreement is intended to create any third-party beneficiaries to this Agreement, and no person or entity other than the Successor Agency and the City, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

9. Further Assurances. Each Party agrees to execute, acknowledge and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of the transactions contemplated by this Agreement.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

12. Amendment. This Agreement may be modified or amended, in whole or in part, only by an instrument in writing, executed by the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

[Signatures on following page]

CITY OF PALM SPRINGS

SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY

By: _____
DAVID H. READY, City Manager

By: _____
LISA HOWELL, Oversight Board Chair

Attest:

By: _____
JAMES THOMPSON, City Clerk

By: _____
JAMES THOMPSON, City Clerk/Secretary

Approved as to Form:

By: _____
DOUGLAS C. HOLLAND, City Attorney