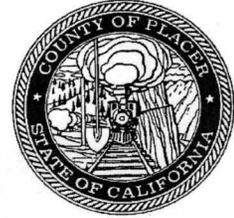


**Memorandum**  
**Office of Jenine Windeshausen**  
**Treasurer-Tax Collector**



---

**To:** The Board of the Successor Agency  
to the former Placer County Redevelopment Agency

**From:** Jenine Windeshausen, Treasurer-Tax Collector

**Date:** February 3, 2015

**Subject:** Resolution Approving Refinancing of Outstanding Successor Agency  
Bond Obligations

---

**Action Requested:**

1. Adopt the attached Resolution authorizing the issuance of refunding bonds to refund outstanding bonds of the Successor Agency.
2. Approve the Financing team inclusive of Jones Hall as Bond/Disclosure Counsel, Del Rio Advisors, LLC as Financial Advisor and Fraser & Associates as Fiscal Consultant.

**BACKGROUND:**

The purpose for refunding the Successor Agency's outstanding bonds is to reduce the interest rate, which will result in lower annual tax increment required by the Successor Agency to make debt service payments and, in turn, result in an increased share of tax increment for the County and other local agencies. The aggregate principal amount of the outstanding bonds will not be increased and the final maturity date will not be extended.

The Treasurer's Office, in conjunction with various financial partners, continually monitors the debt portfolio of the County and its related entities for opportunities to reduce the related cost of repaying its various obligations. As those opportunities arise, a financing team is assembled to structure a refunding transaction to take advantage of the financial market opportunity. Those conditions exist today for the Successor Agency's outstanding bonded indebtedness. The following outstanding Successor Agency bonds are currently candidates for refunding with the objective of decreasing the cost of interest over the remaining life of the bonds:

<b><u>ISSUE</u></b>	<b><u>Balance Outstanding</u></b>
2006, Series A - N. Lake Tahoe	\$13,275,000
2006, Series B – N. Auburn	\$ 2,940,000
2006, Series C – Countywide Housing	\$ 5,125,000

Since the dissolution action adopted by the State of California relative to redevelopment agencies, refunding of outstanding debt is required to be approved by not only the Successor Agency, but also by the Oversight Board and then the Department of Finance ("DOF") before refunding bonds can be issued. This additional level of oversight has added several additional months to the refinancing process. The actions being recommended in this report approve the legal documents associated with the refunding and give authorization for the refunding to occur. If approved by the Successor Agency and then by the Oversight Board, the Oversight Board resolution (and related documents) will be sent to the DOF for approval which is required to occur within 65 days. During that time, staff will continue to work on the transaction by preparing the Preliminary Official Statement ("POS"), the disclosure document used by the underwriter to sell the bonds, and causing the Fiscal Consultant to prepare a report. The POS will be brought back to the Successor Agency for approval closer to actual issuance of the refunding bonds. Neither the Oversight Board nor the DOF are required to review or approve the POS.

An additional requirement of dissolution legislation is that the financing team include an independent financial advisor and that the advisor generate a report, which has been prepared by Del Rio Advisors, LLC, as financial advisor, and is entitled "Plan of Refunding and Savings Analysis" ("Financial Advisor Work Product") (attached). The Financial Advisor Work Product confirms that the transaction complies with the Savings Parameters (term used in the proposed Successor Agency resolution), which simply means that the principal and interest on the new bonds is less than the principal and interest on the refunded bonds. The Financial Advisor Work Product must be on file with the secretary to the Successor Agency and with the Oversight Board after having been approved by each body. The proposed refinancing transaction does comply with the requirements of the dissolution legislation.

The refunding plan is to sell the bonds in two series: 1) 2015 Series A Tax-Exempt to refund the prior 2006 Series A and 2006 Series B, and 2) 2015 Series B Taxable to refund the prior 2006 Taxable Series C. The Series A and B bonds will be payable from all of the property tax revenues from all of the Agency's project areas, except to the extent that it is pledged and needed to repay existing California Infrastructure and Economic Development Bank loans. The new bonds may need to be subordinate to any such loans. Such subordination is not expected to impact the credit quality of the bonds as the amount of these loans is small and the tax revenues are more than sufficient to pay the reduced bond debt service and the loan repayment. The benefit of this structure is simplicity and it improves the overall economics of the transaction. Both bonds will be diversified by the debt service coverage strengths of the various project areas, which will allow the project areas with stronger coverage ratios to improve the ratio for those with less substantial coverage. The coverage remains sufficient to hold the rating of the stronger project areas for the benefit of the both bonds.

The financing team identified for this transaction consists of Jones Hall as bond/disclosure counsel (contract amount \$90,000), Del Rio Advisors, LLC as financial advisor (contract amount not to exceed \$60,000) and Fraser & Associates as fiscal consultant (contract amount not to exceed \$25,000). The underwriter will be selected by staff through a request for proposals. This team has strong experience successfully working with the former Redevelopment Agency, or other dissolution refunding transactions.

The attached bond refunding resolution provides for approval and authorization for:

- Determination of significant potential savings
- Filing of Debt Service Savings Analysis
- Approving bond documents and issuance of refunding bonds
- Requesting the Oversight Board approve the refunding
- Directing the Treasurer to hire a bond underwriter
- Appointing professionals to assist in carrying out the refunding
- Authorize other actions to expedite California Department of Finance review and approval

**FISCAL IMPACT:**

The refunding transaction is being undertaken to achieve interest savings over the remaining term of the original bonds. At today's interest rates, the total transactional savings is anticipated to be approximately \$2,748,200, with a present value savings calculated to be approximately \$1,922,062. Annual savings for the combined transaction is estimated to be average about \$125,000 per year for the next 22 years.

Due to the dissolution of the Redevelopment Agency, the average annual savings of approximately \$125,000 will accrue to all the taxing agencies that overlap the County. The County share for the three redevelopment areas averages approximately 24.25% of the total, or roughly \$30,000 of the benefit annually to the County's General Fund property tax revenue. These savings will begin to be realized during the 15/16 fiscal year.

The savings identified above includes all costs of issuance including the cost of bond/disclosure counsel, financial advisor, fiscal consultant and underwriter's discount.

**Attachments:**

1. Resolution Approving the Issuance of Refunding Bonds in Order to Refund Outstanding Bonds of the Dissolved Placer County Redevelopment Agency
2. Form of Indenture of Trust
3. Form of First Supplement to the Indenture of Trust
4. Form of Escrow Agreement
5. Form of Bond Purchase Agreement
6. Financial Advisor Work Product



**Before the Governing Board of the Successor Agency  
to the Former Placer County Redevelopment Agency**

**In the matter of:**

Adoption of a resolution approving the issuance of refunding bonds in order to refund certain outstanding bonds of the dissolved Placer County Redevelopment Agency, approving the execution and delivery of an indenture of trust, a first supplement to indenture of trust and other documents relating thereto, requesting Oversight Board approval of the issuance of the refunding bonds, requesting certain determinations by the Oversight Board, and providing for other matters properly relating thereto

**Resolution. No.** \_\_\_\_\_

**The following Resolution was duly passed by the Governing Board of the Successor Agency to the former Placer County Redevelopment Agency at a regular meeting held on February 3, 2015, by the following vote on roll call:**

**Ayes:**

**Noes:**

**Absent:**

**Signed and approved by me after its passage.**

**Attest:  
Clerk of said Board**

\_\_\_\_\_  
**Chair, Successor Agency**

\_\_\_\_\_  
\_\_\_\_\_  
WHEREAS, the Placer County Redevelopment Agency (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (as amended, the "Redevelopment Law");

WHEREAS, Assembly Bill x1 26, effective June 29, 2011, together with AB 1484, effective June 27, 2012 ("AB 1484"), codified Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as amended from time to time, the "Dissolution Act");

WHEREAS, pursuant to Section 34172(a) of the Dissolution Act, the Former Agency has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Dissolution Act, the County of Placer has become the successor entity to the Former Agency (the "Successor Agency");

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued, among other bonds, the bonds listed on Exhibit A for the purpose of financing and refinancing redevelopment activities (the "Prior Bonds");

WHEREAS, Section 34177.5 of the Dissolution Act authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters");

WHEREAS, to determine compliance with the Savings Parameters for purposes of the issuance by the Successor Agency of refunding bonds for the purpose of defeasing and refunding all or a portion of the Prior Bonds, the Successor Agency has caused its financial advisor, Del Rio Advisors, LLC (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the refunding bonds to defease and refund all or a portion of the Prior Bonds (the "Financial Advisor Work Product");

WHEREAS, the Successor Agency wishes at this time to approve the issuance of the following bonds (the "Refunding Bonds"):

- (a) Successor Agency to the Placer County Redevelopment Agency 2015 Subordinate Tax Allocation Refunding Bonds, Series A (the "2015A Bonds")
- (b) Successor Agency to the Placer County Redevelopment Agency 2015 Subordinate Tax Allocation Refunding Bonds, Taxable Series B (the "2015B Bonds"; together with the 2015A Bonds, the "2015 Bonds");

WHEREAS, the Successor Agency further wishes at this time to approve the form of and authorize the execution and delivery of the Indenture of Trust, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), providing for the issuance of the 2015A Bonds (the "2015A Indenture"), a First Supplement to Indenture of Trust, by and between the Successor Agency and the Trustee, providing for the issuance of the 2015B Bonds (the "2015B Supplement"; together with the 2015A Indenture, the "Indenture"), and one or more Escrow Deposit and Trust Agreements, by and between the Successor Agency and the trustee for the Prior Bonds, for the Prior Bonds (each, an "Escrow Agreement");

WHEREAS, pursuant to Section 34179 of the Dissolution Act, an oversight board (the "Oversight Board") has been established for the Successor Agency;

WHEREAS, the Successor Agency wishes to request that the Oversight Board approve and direct the issuance of the Refunding Bonds pursuant to this Resolution and the Indenture;

WHEREAS, the Successor Agency further wishes to request that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

WHEREAS, the Agency has determined to sell the Refunding Bonds to a municipal bond underwriter (the "Underwriter") in a public offering, pursuant to a bond purchase agreement (the "Bond Purchase Agreement"); and

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel (defined below) and the Financial Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Underwriter to persons and institutions interested in purchasing the Refunding Bonds.

NOW, THEREFORE, the Governing Board of the Successor Agency for the Placer County Redevelopment Agency does hereby resolve:

SECTION 1. Incorporation of Recitals.

The Board finds and determines that the above referenced recitals are true and correct and material to this Resolution.

SECTION 2. Board Actions.

The Board hereby approves and authorizes:

1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease the Prior Bonds, all as evidenced by the "Plan of Refunding and Savings Analysis" ("Financial Advisor Work Product") on file with the Clerk of the Board of Supervisors, as the secretary (the "Secretary") of the Successor Agency, which Financial Advisor Work Product is hereby approved.
2. Approval of Issuance of the Refunding Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Redevelopment Act, as amended and supplemented by the Dissolution Act (the "Law"), and the Refunding Law in the aggregate principal amount of not to exceed \$18,000,000 (2015A Bonds) and \$6,000,000 (2015B Bonds), provided that (i) the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery, and (ii) the Underwriter's discount does not exceed 1.25%, not including original issue discount, if any.
3. Approval of 2015A Indenture and 2015B Supplement. The Successor Agency hereby approves the 2015A Indenture prescribing the terms and provisions of the 2015A Bonds and the application of the proceeds of the 2015A Bonds. Each of the Chair of the Board of Supervisors, as the Chair and presiding officer of the Successor Agency, the Chief Executive Officer of the County of Placer, as the chief administrative officer of the Successor Agency, the County Counsel, as the general counsel of the Successor Agency, the Auditor-Controller of the County of Placer, as the auditor of the Successor

Agency, or the Placer County Treasurer Tax Collector, as the treasurer of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the 2015A Indenture for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary of the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the 2015A Indenture. The Successor Agency hereby authorizes the delivery and performance of the 2015A Indenture.

The Successor Agency hereby approves the 2015B Supplement prescribing the terms and provisions of the 2015B Bonds and the application of the proceeds of the 2015B Bonds. An Authorized Officer is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the 2015B Supplement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary of the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the 2015B Supplement. The Successor Agency hereby authorizes the delivery and performance of the 2015B Supplement.

4. Approval of Escrow Agreement. The form of an Escrow Agreement on file with the Secretary is hereby approved and the Authorized Officers are, each acting alone hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver one or more Escrow Agreements for the purpose of refunding the Prior Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Escrow Agreement.
5. Oversight Board Approval of the Issuance of the Refunding Bonds. The Successor Agency hereby requests that the Oversight Board, as authorized by Section 34177.5(f) and Section 34180 of the Dissolution Act, approve and direct the issuance of the Refunding Bonds pursuant to Section 34177.5(a)(1) and this Resolution and the Indenture.
6. Determinations by the Oversight Board. The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds:
  - (a) The Successor Agency is authorized, as provided in Section 34177.5(f), to recover its costs related to the issuance of the Refunding Bonds from the proceeds of the Refunding Bonds, including the cost of reimbursing the County for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds;
  - (b) The application of proceeds of the Refunding Bonds by the Successor Agency to the refunding and defeasance of all or a portion of the Prior Bonds, as well as the payment by the Successor Agency of costs of issuance of the Refunding Bonds, as provided in Section 34177.5(a), shall be implemented by the Successor Agency promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section 34177.3 or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, the Placer County Auditor-Controller or any other person or entity other than the Successor Agency;
  - (c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, such as trustee's fees,

auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183. In addition and as provided by Section 34177.5(f), if the Successor Agency is unable to complete the issuance of the Refunding Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings from such property tax revenues pursuant to Section 34183 without reduction in its Administrative Cost Allowance.

7. Filing of Financial Advisor Work Product and Resolution. The Secretary of the Successor Agency is hereby authorized and directed to file the Financial Advisor Work Product, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) with the Placer County Administrative Officer, the Placer County Auditor-Controller and the California Department of Finance.
8. Sale of Refunding Bonds. The Treasurer-Tax Collector of the County, as treasurer of the Successor Agency, is hereby directed to select the Underwriter, with input from the Financial Advisor and Bond Counsel (as defined below), following a competitive selection process defined by the Treasurer-Tax Collector. The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriter pursuant to the Bond Purchase Agreement. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary of the Successor Agency, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Bond Purchase Agreement.
9. Refunding of Prior Bonds in Whole or in Part. It is the intent of the Successor Agency to sell and deliver the Refunding Bonds to refund the Prior Bonds in whole, provided that there is compliance with the Savings Parameters. If such Savings Parameters cannot be met with respect to the Prior Bonds in whole, then the Refunding Bonds shall be sold to refund the Prior Bonds in part to the extent that the refunding of the Prior Bonds in part can satisfy the Savings Parameters. In the event the Refunding Bonds are issued to refund the Prior Bonds in part, the Successor Agency intends to sell and deliver additional bonds to refund the unrefunded Prior Bonds pursuant to a supplement to the Indenture without the prior approval of the Oversight Board provided that in each such instance the bonds so sold and delivered in part are in compliance with the Savings Parameters.
10. Approval of Financial Advisor, Bond Counsel, Disclosure Counsel and Fiscal Consultant. The Successor Agency hereby approves the engagement of the Financial Advisor, Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel, and Fraser & Associates, as Fiscal Consultant, and approves and directs execution by an Authorized Officer and performance by the Successor Agency of professional services agreements with these firms.
11. Municipal Bond Insurance and Surety Bonds. The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain one or more municipal bond insurance policies for the Refunding Bonds and reserve account surety bonds for the Refunding Bonds from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriter, that such municipal bond insurance policy and/or surety bonds will reduce the true interest costs of the Refunding Bonds.

12. Approval of Official Statement. Following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel and the Financial Advisor, cause to be prepared a form of Official Statement describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the underwriter of the Refunding Bonds to persons and institutions interested in purchasing the Refunding Bonds.
13. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approvals by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.
14. Transmittal. Staff is hereby directed to transmit this Resolution to the Oversight Board for approval, and to the County of Placer Chief Executive Officer, the County Auditor-Controller and the Department of Finance.
15. Effective Date. This Resolution shall take effect immediately upon its adoption.

**EXHIBIT A**

**PRIOR BONDS**

\$15,765,000 Placer County Redevelopment Agency (North Lake Tahoe Redevelopment Project) Tax Allocation Bonds, 2006 Series A

\$3,520,000 Placer County Redevelopment Agency (North Auburn Redevelopment Project) Tax Allocation Bonds, 2006 Series B

\$5,865,000 Placer County Redevelopment Agency (Housing Projects) Taxable Tax Allocation Bonds, 2006 Series C

