

# Orange Countywide Oversight Board

Agenda Item No. 6a

Date: 07/21/2020

From: Successor Agency to the Seal Beach Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving the Use of Bond Funds to Effect a Redemption of Outstanding Tax Allocation Bonds Issued by the Former Redevelopment Agency of the City of Seal Beach and Taking Related Actions

## **Recommended Action:**

Adopt resolution to approve the use of bond funds to effect a redemption of outstanding tax allocation bonds issued by the former Redevelopment Agency of the City of Seal Beach (the “Former Agency”) and taking related actions.

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Before dissolution, the Former Agency issued its Tax Allocation Refunding Bonds, 2000 Series A (Riverfront Redevelopment Project) (the “2000A Bonds”). The Successor Agency to the Seal Beach Redevelopment Agency has continued to pay principal and interest payments and other expenses related to the 2000A Bonds.

The scheduled final maturity date of the 2000A Bonds is September 1, 2023. The remaining principal amount of the 2000A Bonds is \$685,000. Pursuant to the indenture (the governing document for the 2000A Bonds), the 2000A Bonds are currently subject to redemption (i.e., early retirement) on any date at the Successor Agency’s option, without penalty.

When the 2000A Bonds were issued, a portion of the proceeds of the 2000A Bonds was deposited into a Reserve Account maintained by the bond trustee. Pursuant to the indenture, moneys in the Reserve Account may be used for the retirement of all of the outstanding 2000A Bonds.

There is sufficient money in the Reserve Account to effect a full redemption of the 2000A Bonds. Such redemption of the 2000A Bonds will be in furtherance of the wind-down the Former Agency’s affairs and will result in savings of interest payments.

The Successor Agency requests that the Oversight Board adopt the attached Resolution, to approve the use of moneys in the Reserve Account (and any other moneys held by the bond trustee under the indenture) to effect the full redemption of all outstanding 2000A Bonds.

The Board of the Successor Agency adopted its Resolution No. SA 20-01 on June 22, 2020, a copy of which is attached.

## **Orange Countywide Oversight Board**

### Impact on Taxing Entities:

Assuming a successful redemption in October or November 2020 (after the California Department of Finance's approval of the Oversight Board resolution), the Successor Agency will save approximately \$50,000 in future interest and also save respect to the expenses relating to the administration of the 2000A Bonds. The savings from the early pay-off of the 2000A Bonds will result in additional moneys available to be disbursed to the taxing entities.

### Staff Contact(s):

Kelly Telford, City of Seal Beach Treasurer/Finance Director

### Attachments:

Attachment 1 -- Proposed Oversight Board Resolution

Attachment 2 -- Successor Agency Board Resolution No. SA 20-01.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY APPROVING THE USE OF BOND FUNDS TO EFFECT A REDEMPTION OF OUTSTANDING TAX ALLOCATION BONDS AND TAKING RELATED ACTIONS**

WHEREAS, the Redevelopment Agency of the City of Seal Beach (the “**Former Agency**”) issued its Tax Allocation Refunding Bonds, 2000 Series A (Riverfront Redevelopment Project) (the “**2000A Bonds**”), pursuant to an Indenture, dated as of December 1, 2000 (the “**Indenture**”), by and between the Former Agency and BNY Western Trust Company (which is now The Bank of New York Mellon Trust Company, N.A.), as trustee (the “**Trustee**”); and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court’s decision in California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, the Successor Agency to the Seal Beach Redevelopment Agency (the “**Successor Agency**”) was constituted; and

WHEREAS, all assets and contracts of the Former Agency transferred to the control of the Successor Agency by operation of law, and the Successor Agency is required to continue to make payments due for enforceable obligations; and

WHEREAS, the Successor Agency has continued to pay principal and interest payments and other expenses related to the 2000A Bonds; and

WHEREAS, the scheduled final maturity date of the 2000A Bonds is September 1, 2023; provided, pursuant to the Indenture, the 2000A Bonds are currently subject to redemption (i.e., early retirement) on any date, at the option of the Successor Agency, after required notices to the Trustee and the bondholders; and

WHEREAS, when the 2000A Bonds were issued, a portion of the proceeds of the 2000A Bonds was deposited into a Reserve Account (the “**Reserve Account**”) established and held by the Trustee under the Indenture; and

WHEREAS, pursuant to the Indenture, moneys in the Reserve Account may be used (by themselves or together with any other available moneys) for the retirement of all of the outstanding 2000A Bonds; and

WHEREAS, as of the date of this Resolution, the outstanding principal amount of the 2000A Bonds is \$685,000; and

WHEREAS, there is sufficient money in the Reserve Account to effect a full redemption of all of the 2000A Bonds during the 2020-21 fiscal year; and

WHEREAS, the redemption of the 2000A Bonds will be in furtherance of the Successor Agency's task to wind-down the Former Agency's affairs and will result in savings of interest payments; and

WHEREAS, pursuant to Health and Safety Code Section 34179(j), commencing on and after July 1, 2018, the Orange Countywide Oversight Board (the "Oversight Board") has jurisdiction over the Successor Agency; and

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves the use of the moneys in the Reserve Account (and any other moneys held by the Trustee under the Indenture) to effect a full redemption of the outstanding 2000A Bonds pursuant to the terms of the Indenture during fiscal year 2020-21 or anytime thereafter.

Section 3. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the redemption of the 2000A Bonds, and any such actions previously taken are hereby ratified and confirmed.

Section 4. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

## RESOLUTION SA 20-01

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO SEAL BEACH REDEVELOPMENT AGENCY APPROVING THE USE OF BOND FUNDS TO EFFECT A REDEMPTION OF OUTSTANDING TAX ALLOCATION BONDS AND TAKING RELATED ACTIONS

#### RECITALS:

A. The Redevelopment Agency of the City of Seal Beach (the "**Former Agency**") issued its Tax Allocation Refunding Bonds, 2000 Series A (Riverfront Redevelopment Project) (the "**2000A Bonds**"), pursuant to an Indenture, dated as of December 1, 2000 (the "**Indenture**"), by and between the Former Agency and BNY Western Trust Company (who is now The Bank of New York Mellon Trust Company, N.A.), as trustee (the "**Trustee**").

B. Pursuant to AB X1 26 (enacted in June 2011) and the *California Supreme Court's decision in California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011)*, the Former Agency was dissolved as of February 1, 2012, the Successor Agency to the Seal Beach Redevelopment Agency (the "**Successor Agency**") was constituted.

C. All assets and contracts of the Former Agency transferred to the control of the Successor Agency by operation of law, and the Successor Agency is required to continue to make payments due for enforceable obligations.

D. The Successor Agency has continued to pay principal and interest payments and other expenses related to the 2000A Bonds.

E. The scheduled final maturity date of the 2000A Bonds is September 1, 2023; provided, pursuant to the Indenture, the 2000A Bonds are currently subject to redemption (*i.e.*, early retirement) on any date, at the option of the Successor Agency, after required notices to the Trustee and the bondholders.

F. When the 2000A Bonds were issued, a portion of the proceeds of the 2000A Bonds was deposited into a Reserve Account (the "**Reserve Account**") established and held by the Trustee under the Indenture.

G. Pursuant to the Indenture, moneys in the Reserve Account (by themselves or together with any other available moneys) may be used for the retirement of all of the outstanding 2000A Bonds.

H. As of the date of this Resolution, the outstanding principal amount of the 2000A Bonds is \$685,000.

I. There is sufficient money in the Reserve Account to effect a full redemption of all of the 2000A Bonds.

J. The redemption of the 2000A Bonds will be in furtherance of the Successor Agency's task to wind-down the Former Agency's affairs and will result in savings of interest payments.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SEAL BEACH REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The use of the moneys in the Reserve Account (and any other moneys held by the Trustee under the Indenture) to effect a full redemption of the outstanding 2000A Bonds pursuant to the terms of the Indenture during fiscal year 2020-21, or anytime thereafter, is hereby authorized.

Section 3. The officers and the other Staff members of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things, including the execution of any instruments, which they may deem necessary or advisable to effectuate this Resolution and the redemption of the 2000A Bonds.

PASSED, APPROVED and ADOPTED by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 22<sup>nd</sup> day of June, 2020 by the following vote:

AYES: Sustarsic, Kalmick, Moore, Varipapa, Massa-Lavitt

NOES:

ABSENT:

ABSTAIN:

*Schelly Sustarsic*

Schelly Sustarsic, Chair

ATTEST:

  
Gloria D. Harper, Secretary



STATE OF CALIFORNIA }  
COUNTY OF ORANGE } SS  
CITY OF SEAL BEACH }

I, Gloria Harper, Secretary of the Successor Agency to the Seal Beach Redevelopment Agency, do hereby certify that the foregoing resolution is the original copy of Resolution SA 20-01\_on file in the office of the City Clerk of the City of Seal Beach, passed, approved, and adopted by the Successor Agency to the Seal Beach Redevelopment Agency at a regular meeting held on the 22<sup>nd</sup> day of June, 2020.