



A G E N D A



**CITY OF IMPERIAL BEACH
CITY COUNCIL
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY
HOUSING AUTHORITY**

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

NOVEMBER 21, 2012

**Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

SPECIAL MEETING – 6:00 P.M.

THE CITY COUNCIL ALSO SITS AS THE CITY OF IMPERIAL BEACH PLANNING COMMISSION, PUBLIC FINANCING AUTHORITY, HOUSING AUTHORITY AND IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

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SPECIAL MEETING CALL TO ORDER

ROLL CALL BY CITY CLERK

PUBLIC COMMENT - Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.

I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS (7.1)

7.1 RESOLUTION NO. SA-12-18 AND RESOLUTION NO. HA-12-12 REGARDING PAYMENT OF THE 2003 TAX ALLOCATION BOND DEBT SERVICE PAYMENT FOR NOVEMBER 2012. (0418-50)

City Manager's Recommendation:

1. That the Imperial Beach Housing Authority adopt Resolution No. HA-12-12 authorizing the Successor Agency's use and expenditure of Low and Moderate Income Housing Tax Exempt Bond Proceeds from the 2003 Tax Allocation Bonds and related interest earnings to make the 2003 Tax Allocation Bond debt service payment due in November 2012; and
2. That the Successor Agency adopt Resolution No. SA-12-18 authorizing the Successor Agency's use and expenditure of Low and Moderate Income Housing Tax Exempt Bond Proceeds from the 2003 Tax Allocation Bonds and related interest earnings to make the 2003 Tax Allocation Bond debt service payment due in November 2012.

ADJOURNMENT

The Imperial Beach City Council welcomes you and encourages your continued interest and involvement in the City's decision-making process.

FOR YOUR CONVENIENCE, A COPY OF THE AGENDA AND COUNCIL MEETING PACKET MAY BE VIEWED IN THE OFFICE OF THE CITY CLERK AT CITY HALL OR ON OUR WEBSITE AT

www.cityofib.com.

/s/
Jacqueline M. Hald, MMC
City Clerk

Any writings or documents provided to a majority of the City Council/Planning Commission/Public Financing Authority/Housing Authority/I.B. Redevelopment Agency Successor Agency regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

**STAFF REPORT
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY,
IMPERIAL BEACH HOUSING AUTHORITY, AND CITY COUNCIL OF THE CITY OF
IMPERIAL BEACH**

TO: CHAIR AND MEMBERS OF THE SUCCESSOR AGENCY, CHAIR AND MEMBERS OF THE HOUSING AUTHORITY, AND MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GARY BROWN, EXECUTIVE DIRECTOR/CITY MANAGER *GB*

MEETING DATE: NOVEMBER 21, 2012

ORIGINATING DEPT.: GREG WADE, DEPUTY DIRECTOR/ASSISTANT CITY MANAGER *GW*

SUBJECT: CONSIDERATION OF RESOLUTION NO. SA-12-18 AND RESOLUTION NO. HA-12-12 REGARDING PAYMENT OF THE 2003 TAX ALLOCATION BOND DEBT SERVICE FOR NOVEMBER 2012

BACKGROUND:

The former Imperial Beach Redevelopment Agency (the "Former Agency") issued Tax Allocation Bonds on December 2, 2003. Debt service payments for this bond issue are due annually five (5) working days before June 1st and December 1st. The next debt service payment is due November 26, 2012 and totals approximately \$533,000. Payment of this debt is problematic given the limited resources available under the new legislation that dissolved redevelopment agencies.

In the staff report sent out in the agenda package, it was stated that staff will present options to address the debt service payment at the November 21, 2012 meeting. Having considered available funding sources, the options for consideration are discussed below.

DISCUSSION:

OPTION 1 – Use Housing Bond Proceeds to Make the Payment

This option would involve using \$533,000 of the \$913,000 of Tax Exempt Housing Bond Proceeds currently held by the Successor Agency (SA) and tentatively allocated to the Habitat for Humanity Project and the Clean and Green Program (Projects). Depending upon whether or not the reimbursement of these funds is approved on the SA's Recognized Obligation Payment Schedule (ROPS) for January to June 2013 (the "Third ROPS"), which is currently being reviewed after staff's Meet and Confer with the Department of Finance (DOF) on Friday, November 16, 2012, this could impact the SA's and HA's efforts to use these funds for the specified purposes (Habitat for Humanity Project and the Clean and Green Program). The SA and Oversight Board (OB) have taken the required steps provided for under AB 1484 and have made specific determinations that there are \$913,000 of housing bond proceeds available for use toward these projects. During the Meet and Confer, staff requested that the DOF make this same determination and allow the SA and HA to proceed with the use of these bond

proceeds on those Projects. If the SA uses a portion of these funds toward payment of the 2003 bond debt service, however, it may be difficult for DOF to render the requested determination for all funds since all of the funds requested for these Projects would no longer be available at this time. Since only \$380,000 of housing bond proceeds would be left after the bond payment, staff would then need to revise or delete a project from the ROPS or secure other funding for the Projects. There is a potential that the funds may be replenished in January 2013 as a result of an item included on the Third ROPS whereby the SA has requested reimbursement from the Third ROPS' distribution of Redevelopment Property Tax Trust Fund (RPTTF) in January 2013 if that item is approved by the DOF. However, even if the DOF allows the SA to be reimbursed for this bond payment from the Third ROPS' distribution of RPTTF in January 2013, there may be some concern on the use and reimbursement of the housing bond proceeds during the reconciliation of the Third ROPS. During the Meet and Confer, and in the Third ROPS itself, however, staff did describe the potential source of these funds quite broadly. Nevertheless, the SA will have to wait to see if the DOF approves the current request on the Third ROPS for reimbursement of this bond payment from RPTTF. Staff has requested that the DOF make an expedited determination on this specific request.

It is also important to note that staff has confirmed from bond counsel that using these bond funds to make the debt service payment is allowable under the Bond Indenture and Covenants and will not affect the tax exempt status of the bonds.

OPTION 2 – The City Loans the SA Funds to Make the Bond Payment

This option would have the City loan to the SA the funds necessary to make the required bond payment. The source of these funds would be the general fund reserve. As discussed above, however, there is no guarantee that the City would be reimbursed for these funds because the DOF may not approve the requested reimbursement on the Third ROPS. Furthermore, the DOF may not approve a proposed Loan Agreement between the City and the SA. Finally, the SA and the City would each have to approve a Loan Agreement for these funds, forward the Loan Agreement to the OB for approval and then send the Agreement to the DOF for its review.

Given the risks associated with Option 2, staff is recommending that the Successor Agency and the Housing Authority adopt separate resolutions authorizing the use of Housing Bond Proceeds to pay the 2003 Tax Allocation Bond debt service payment of \$533,092 by the end of November 2012.

FISCAL IMPACT:

The bond debt service payment for the 2003 Tax Allocation Bonds is an interest only payment and totals \$533,092. The use of the Housing Bond Proceeds would decrease the total amount of the Housing Bond Proceeds available from \$913,000 to approximately \$380,000. Unless the DOF approves the reimbursement of this bond payment as a carry-over enforceable obligation on the Third ROPS, there would be insufficient Housing Bond Proceeds to allocate to both the Habitat for Humanity Project and the Clean and Green Program as initially intended by the SA and the HA.

ENVIRONMENTAL DETERMINATION:

This item is not subject to the California Environmental Quality Act ("CEQA") review.

UPDATED DEPARTMENT RECOMMENDATION:

Staff recommends:

1. That the Imperial Beach Housing Authority adopt Resolution No. HA-12-12 authorizing the Successor Agency's use and expenditure of Low and Moderate Income Housing Tax Exempt Bond Proceeds from the 2003 Tax Allocation Bonds and related interest earnings to make the 2003 Tax Allocation Bond debt service payment due in November 2012; and
2. That the Successor Agency adopt Resolution No. SA-12-18 authorizing the Successor Agency's use and expenditure of Low and Moderate Income Housing Tax Exempt Bond Proceeds from the 2003 Tax Allocation Bonds and related interest earnings to make the 2003 Tax Allocation Bond debt service payment due in November 2012.

EXECUTIVE DIRECTOR'S / CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Resolution No. HA-12-12
2. Resolution No. SA-12-18

Item No. 7.1

Attachments 1 and 2
to be provided prior to
City Council Meeting