

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, ACTING AS THE SUCCESSOR AGENCY
TO THE COUNTY OF SAN BERNARDINO
REDEVELOPMENT AGENCY
AND RECORD OF ACTION**

June 23, 2020

FROM

GARY HALLEN, Director, Community Development and Housing

SUBJECT

Actions to Further the Issuance and Sale of Successor Agency Refundings of the San Sevaine and Cedar Glen Tax Allocation Bonds

RECOMMENDATION(S)

Acting as the governing body of the Successor Agency to the County of San Bernardino Redevelopment Agency:

1. Adopt **Resolution No. 2020-122** authorizing and approving the financing team for a proposed tax allocation bond refunding of the former Cedar Glen and San Sevaine Redevelopment Project Areas and the execution of contracts with: Stradling Yocca Carlson & Rauth, P.C (**Agreement No. 20-483**) for bond counsel services and Jones Hall, A Professional Law Corporation (**Agreement No. 20-484**), for disclosure counsel services, also CSG Advisors Incorporated, to provide financial advisory services and HdL Coren and Cone, LLP to provide fiscal consulting services in connection with the issuance and sale of the tax allocation bond refundings.
2. Adopt **Resolution No. 2020-123** authorizing and approving the issuance and sale of tax allocation refunding bonds, the form of an Indenture of Trust, Bond Purchase Contract and related documents for the former San Sevaine Redevelopment Project Area in an aggregate principal amount not to exceed \$35 million.
3. Adopt **Resolution No. 2020-124** authorizing and approving the issuance and sale of tax allocation refunding bonds, the form of an Indenture of Trust, Bond Purchase Contract and related documents for the former Cedar Glen Redevelopment Project Area in an aggregate principal amount not to exceed \$5.5 million.
4. Authorize the Chief Executive Officer, or Chief Finance Officer or the Community Development and Housing Director, upon consultation with County Counsel, to accept and execute the Letter of Engagement with Stifel, Nicolaus & Company, Incorporated to serve as underwriter.
5. Authorize the Chief Executive Officer, or Chief Finance Officer or the Community Development and Housing Director, upon consultation with County Counsel, to finalize and execute the Indenture of Trust, Bond Purchase Agreement and any other necessary documents in connection with the issuance of the tax allocation bond refunding of the former Cedar Glen and San Sevaine Redevelopment Project Areas.
6. Direct the Community Development and Housing Department Director to transmit all documents to the Clerk of the Board within 30 days of execution.

(Presenter: Gary Hallen, Director, 387-4411)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote the Countywide Vision.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this item will not result in the use of any Discretionary General Funding (Net County Cost). Based on a preliminary bond refunding analysis, the estimated issuance and bond underwriting costs for the Cedar Glen refunding are approximately \$145,000 and \$50,000 respectively. For the San Sevaine refunding, the issuance and underwriting costs are approximately \$200,000 and \$165,000, respectively. Savings from the refundings are net of all issuance costs. For each bond issue, the County may incur additional costs to purchase bond insurance or a surety reserve policy, but only if the savings derived from the purchase of such policies exceed such costs. The annual net present value saving projected after the refunding is approximately \$7,030,000 for both San Sevaine and Cedar Glen refundings collectively. The County General Fund and its other County affective taxing entity proportional share of that savings is approximately \$1,400,000. The estimated reduced cost of debt service for the County Successor Agency (Agency) will allow for more funds to be made available for distribution to the taxing jurisdictions which includes the County and other affected taxing entities.

BACKGROUND INFORMATION

Pursuant to the provisions in ABx1 26 and subsequent clean-up legislation AB 1484, successor agencies are required to take certain actions to dissolve the former redevelopment agencies. AB 1484 allows for successor agencies to refinance existing bonds in order to realize savings on debt service obligations. The purpose of this item is to recommend the refunding of the 2010 San Sevaine Tax Allocation and 2010 Cedar Glen Tax Allocation bonds.

After reviewing potential ongoing refinancing savings that could be generated and consideration of legal matters pertaining to the Successor Agency indebtedness including potential tax and timing issues, the County Successor Agency (Agency) is preparing for the issuance of the San Sevaine Redevelopment Project Area Tax Allocation Taxable Refunding Bonds (San Sevaine Refunding) and Cedar Glen Redevelopment Project Area Tax Allocation Bonds Refunding (Cedar Glen Refunding). The approval of Recommendation No. 1 will request of the Board of Supervisors (Board) acting as the Successor Agency Board is to approve the resolution for the financing team to provide the proposed tax allocation refunding services. The Debt Advisory Committee (DAC) reviewed and approved the financing team on April 3, 2020 and recommended an item be presented to the Board.

Recommendations No. 2 and No. 3 request the Board to consider resolutions to authorize the issuance of the San Sevaine Refunding in an amount not to exceed \$35 million and Cedar Glen Refunding in an amount not to exceed \$5.5 million. The resolutions authorize the issuance of one or more series of both tax-exempt bonds (for the Cedar Glen refunding) and taxable bonds (for San Sevaine Refunding) and allows for portions of the bonds to mature at different times. These options give the County the ability to offer the correct mix of bonds to respond to market demand, satisfy tax requirements, and ensure that the Agency is realizing a reduction in total annual debt service obligations. The resolutions in Recommendation No. 2 and No. 3 authorize various financing documents, including for each transaction an Indenture of Trust (or in the case of San Sevaine, a Third Supplement to the Indenture of Trust), a Bond Purchase Agreement between the County Successor Agency and Stifel, Nicolaus & Company, Incorporated (Stifel), and an Escrow Agreement. The documents are attached in substantially final form.

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Recommendations No. 4 and 5 request the Board to consider resolutions for the Chief Executive Officer, or the Chief Finance Officer or the Community Development and Housing Director to finalize and execute these and any other necessary documents in connection with the issuance of the San Sevaine and Cedar Glen Refunding. Minor changes upon consultation with County Counsel may be made to the documents in order to conform to the transaction. The DAC also reviewed and approved the proposed transaction on May 21, 2020, and recommended an item be presented to the Board.

The County Oversight Board and the California Department of Finance (DOF) must also approve the Cedar Glen and San Sevaine Refunding prior to closing the transaction. Approval of the issuance by the Board now allows time for the DOF 60-day review period to begin upon County Oversight Board approval. Prior to the issuance of bonds and during the DOF review period, the Board will be presented for approval (likely in July), the Preliminary Official Statement for each of the refundings. The DOF review period is expected to end in September, and the refundings are expected to close in late September or early October.

PROCUREMENT

An RFP was conducted in 2015 to select the financing team that completed the last San Sevaine Refunding. The team was evaluated based on quality and/or experience; structuring proposals; and ability to achieve the scope of work to effectively refund the bonds. Staff recommends the non-competitive procurement of the services of these firms based on past performance, experience with the Agency and the former Redevelopment Project Area, as well as the compensation proposed which is reasonable based upon other transactions of similar scope and size.

Purchasing concurs with the non-competitive justification of specialized credentials and the past experience and performance these firms have with the former Redevelopment Agency and Project Area that will provide a cost effective and timely service to meet the requirements of the proposed refundings.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on May 21, 2020; Purchasing (Michelle Churchill, Buyer, 387-2070) on June 2, 2020; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on June 9, 2020; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on June 9, 2020.

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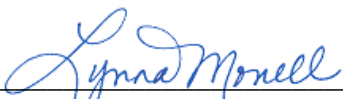
Record of Action of the Board of Supervisors
Successor Agency to the County of San Bernardino Redevelopment Agency

Public Comment: None

APPROVED

Moved: Josie Gonzales Seconded: Janice Rutherford
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 23, 2020



cc: CDH - Hallen w/ agrees & resos
 Contractor c/o CDH w/ agrees
 File - w/ agrees
 File - Successor Agency to the Redevelopment Agency of the
 County of San Bernardino w/ resos & attach
jm 06/26/2020