

AGENDA

MEETING OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HOLLISTER REDEVELOPMENT AGENCY

DATE: Thurs. February 28, 2019 Time: 3:00 P.M. City Hall 375 Fifth St., Hollister, CA

***ANYONE WISHING TO ADDRESS THE OVERSIGHT BOARD PLEASE STEP
FORWARD AND STATE YOUR
NAME AND ADDRESS TO THE SECRETARY***

This Oversight Board has been created pursuant to §34161 through §34190 of the Health and Safety Code for the sole purpose of overseeing the actions of the Successor Agency to the City of Hollister Redevelopment Agency. In accordance with §34179 (h) of the Health and Safety Code, all Oversight Board ("Board") actions shall not be effective for five business days, pending a request for review by the State Department of Finance ("Department"). In the event that the Department requests a review of a given Board action, it shall have forty days from the date of its request to approve the Oversight Board action or return it to the Board for reconsideration. In the event that the Department returns the Board action to the Board for reconsideration, the Board shall resubmit the modified action for Department approval, and the modified Board action shall not become effective until approved by the Department.

Persons who wish to speak on matters set for Public Hearing will be heard when the presiding officer calls for comments from those persons who are in support of/or in opposition hereto. After persons have spoken, the hearing is closed and brought to Commission level for discussion and action. There is no further comment permitted from the audience unless requested by the Chairman.

Call to Order

Pledge of Allegiance

Roll Call: Members: Bill Avera, Mark Medina, Marty Richman, Shannon Hansen, Kathleen Rose, Holly McWhinnie, John Tobias

Verification of Agenda Posting

A. Approval of Minutes: [PAGES 3-4]

1. Approve minutes of the January 24, 2019 Oversight Board meeting.

B. Communications from the Public on Items Not Listed on the Agenda: This is the time for anyone in the audience to speak on any item not on the agenda and within the subject matter jurisdiction of the Oversight Board. When the Oversight Board calls your name, please come to the podium, state your name and address for the record, and speak to the Board. Each speaker will be limited to two minutes. Please note that state law prohibits the Oversight Board from discussing or taking action on any item not on the agenda.

C. Consent – None

D. New Business

**1. Request to Initiate Refunding of the 2009 Tax Allocation Bond :
[PAGES 5-12]**

The Board will consider approval of Resolution No. 2019-02 OB, a Resolution of the Oversight Board for the Successor Agency to the Former City of Hollister Redevelopment Agency (RDA) Directing Initiation of Proceedings for Refunding of the Outstanding 2009 Tax Allocation Bond of the Former RDA and for Associated Fiscal and Legal Services.

E. Reports of the Successor Agency, Board, and County Auditor Controller.

1. Reports from Successor Agency Staff.
2. Reports from the Oversight Board members.
3. Report from the County Auditor Controller.

ADJOURNMENT

NEXT REGULAR MEETING: March 28, 2019

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the City Clerk's office at City Hall, 375 Fifth Street, Hollister and the Development Services Department, Successor Agency Office 339 Fifth Street, Monday through Friday, 8:00 am to noon, 1:00 pm to 5 pm (offices closed between 12:00 and 1:00 p.m.). Such documents are also available on the City of Hollister website at www.hollister.ca.gov subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (831) 636-4300 Ext 16. Notification of 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II].

MINUTES

MEETING OF OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF HOLLISTER

January 24, 2019, 3:00 p.m.

CALL TO ORDER: Chair Avera called the meeting to order at 3:02 p.m.

PLEDGE OF ALLEGIANCE: Director McWhinnie led the pledge of allegiance.

VERIFICATION OF AGENDA POSTING: The meeting agenda was posted at City Hall January 17th, 2019 at 3:02 p.m. per Government Code Section 65954.2(a).

ROLL CALL:

Present: Bill Avera, Jaimie De La Cruz (alternate), Shannon Hansen, Holly McWhinnie, Kathleen Rose

Absent: Marty Richman, John Tobias

Staff Present: Mary Paxton

San Benito County Staff Present: Kelsey MacIsaac

1. Approval of Minutes:

ACTION: Director Hansen moved to approve the minutes of the January 25, 2018 Oversight Board meeting. Director McWhinnie seconded and Director De La Cruz abstained. Motion passed with four votes in favor and one abstention.

COMMUNICATIONS FROM THE PUBLIC: None

CONSENT CALENDAR: None

OLD BUSINESS: None

NEW BUSINESS:

D-1 Election of Officers:

ACTION: Board Member Hansen nominated Member Rose to serve as the Chair and Member McWhinnie seconded. Motion passed with five votes in favor. Board Member Rose moved to nominate Board Member Hansen as Vice-Chair and Board Member McWhinnie seconded. Motion passed with five votes in favor.

Report D-2 Recognized Obligation Payment Schedule 19-20:

ACTION: The Board received the report on Recognized Obligation Payment Schedule 19-20. Director McWhinnie moved to approve Resolution 2019-01 OB approving Recognized Obligation Payment Schedule 19-20 and Director Hansen seconded. Motion passed with five votes in favor.

Report E-1 Reports from Successor Agency Staff. Mary Paxton shared the status of the transfer of the former Redevelopment agencies properties, the 400 Block and the Leatherback property and the expected use of 2009 bond proceeds for the West Gateway Streetscape Beautification Plan on Fourth Street.

Report E-2 Reports from the Oversight Board Members: None.

Report E-3 Reports from the Oversight County Auditor Controller: Kelsey MacIsaac reported Oversight Boards have been consolidated in other counties with multiple successor agencies and that the process has been much more complicated. It is much easier in San Benito County because there is only one Successor Agency.

ADJOURNMENT:

ACTION: Director De La Cruz made a motion to adjourn the meeting at 3:21 p.m.

Chair of the Oversight Board

ATTEST:

Mary M. Paxton, Secretary

STAFF REPORT

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF HOLLISTER REDEVELOPMENT AGENCY AGENDA

DATE: February 21, 2019
STUDY SESSION DATE: N/A

AGENDA ITEM: D-1
MEETING DATE: February 28, 2019

TITLE OF ITEM: Resolution 2019-02 OB A Resolution of the Oversight Board for the Successor Agency to the Former City of Hollister Redevelopment Agency Directing Initiation of Proceedings For Refunding of the Outstanding 2009 Tax Allocation Bond of the Former City of Hollister Redevelopment Agency and for Associated Fiscal and Legal Services

BRIEF DESCRIPTION: Board will consider a Resolution directing the Successor Agency to retain fiscal and legal consulting services and a Financial Advisor and to initiate proceedings to refund the 2009 Tax Allocation Bond of the Former City of Hollister Redevelopment Agency to facilitate savings to the City of Hollister Successor Agency and taxing entities.

STAFF RECOMMENDATION: Receive report and Adopt Resolution 2019-02 OB directing the Successor Agency to initiate proceedings to refund the outstanding 2009 Bond and to retain associated fiscal and legal services.

DEPARTMENT SUMMARY: The City of Hollister elected to become the Successor Agency to the former Hollister RDA and pursuant to the Dissolution Act is charged with the responsibility to wind down the outstanding obligations of the former redevelopment RDA. One primary obligation of successor agencies ("SA's") is to ensure that outstanding bond payments are made in a timely manner until the debt is paid off. Assembly Bill 1484 amended the Dissolution Act on June 27, 2012 and authorized SA's to refund outstanding bonds or other obligations of the former RDA if the aggregate amount of principal and interest of the refunding bonds does not exceed the aggregate amount of the remaining unpaid balance on the refunded bonds, provides a savings to the SA pursuing the refunding and there are not spikes in payments. Refunding requires approval of the Oversight Board and Department of Finance.

Successor Agency Bond Debt:

The Hollister SA had three outstanding bond obligations at the time of dissolution with annual principal and interest payments of nearly \$3.5 million. The last payment for a 1997 Bond was made in 2013 but annual principal and interest payments remained the same at almost \$3.5 million from the remaining obligations from a former RDA 2003 Tax Allocation Bond for \$33,000,000 and a \$8,000,000 2009 Tax Allocation Bond. The

Hollister SA received approvals from the Oversight Board and Department of Finance to refund the 2003 Bond in 2014. The lower interest rates resulted in annual savings of \$145,000 per year from the reduced payments. The outstanding balance is \$25,430,000. The annual payment for FY 19/20 is \$2,298,850..

The 2009 Tax Allocation Bond for \$8,000,000 was issued to fund three projects: 1) replacement of Fire Station 1; 2) pavement overlay and 3) a streetscape beautification plan and improvements at the west entrance to Hollister. The remaining debt on the 2009 Bond is \$6,315,000 with an annual payment of \$673,903 for FY 19/20. The 2009 Bond will become callable this October which means that the bond debt could be prepaid or refunded (refinanced). Both existing bonds have a termination date in 2032 with a combined annual principal and interest payment of \$3,072,753 million dollar. Even during the Great Recession, there was sufficient property tax revenue from the Project Area of the Former Hollister RDA to meet bond payments.

| Bond Details as of 6/30/2018 | 2014 Tax Allocation Refunding Bond | 2009 Bond |
|-----------------------------------------|---------------------------------------------------|------------------|
| Bond Amount | \$33 million | \$ 8 million |
| Remaining Balance | \$25,430,000 | \$6,315,000 |
| End of Term | 2032 | 2032 |

Potential for Refunding the 2009 Bond:

The SA's bond underwriter, Stifel, (formerly Stone & Youngberg), has advised staff that interest rates are currently favorable for refunding (restructuring) the 2009 Tax Allocation Bond. Preliminary estimates indicate there could be annual savings of \$180,000. The savings would be realized with a reduction in funds requested by the Successor Agency on the annual Recognized Obligation Payment Schedules (ROPS) that are then paid into the Redevelopment Property Tax Trust Fund for bond payments. The unobligated funds would be distributed to the taxing entities.

Refunding of a bond is a multi-step process and requires approval of the Oversight Board and Department of Finance. Health and Safety Code Section 34177.5 (h) stipulates that a successor agency must use an independent financial advisor in developing financing proposals...“to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for any bullets or spikes and shall not use variable rates”: Work of the independent financial advisor must be made available to the Department of Finance. During this process the feasibility of a conventional loan will be evaluated. This could result in additional savings because bond documents require that an annual payment be held in reserve. With a conventional loan, the reserve would not be required and could be used to reduce the debt.

The Successor Agency approved Resolution 2019-02 SA on February 19, 2019 requesting the Oversight Board to direct the Successor Agency to begin the process of initiating refunding of the 2009 Tax Allocation Bond of the former RDA and securing a team for the refunding process for fiscal consulting services, legal bond counsel and a Financial Advisor required by Health and Safety Code Section 24177.5. The resolution is attached. This request is time sensitive because interest rates are currently favorable and the process of refunding a bond can take several months. Staff is requesting the Oversight Board approve Resolution 2019-02 OB.

ATTACHMENT: Resolution 2019-02 SA

CONTACT PERSON: Mary M. Paxton (831) 636-4316 Ext. 16

DEPARTMENT HEAD: Bryan Swanson (831) 636-4340 Ext. 23

RESOLUTION NO. 2019-02 SA

A RESOLUTION OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF HOLLISTER REQUESTING THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY (RDA) OF THE CITY OF HOLLISTER TO DIRECT INITIATION OF PROCEEDINGS FOR REFUNDING OF THE OUTSTANDING 2009 TAX ALLOCATION BOND OF THE RDA AND FOR ASSOCIATED FISCAL AND LEGAL SERVICES

WHEREAS, pursuant to ABx1-26 the Successor Agency is charged with the responsibility to wind down the outstanding obligations of the former redevelopment RDA and one of the primary obligations is to ensure that outstanding bond payments are made in a timely manner until debt is paid off; and

WHEREAS, ABx1-26, as amended by AB 1484, authorizes the Successor Agency to issue the 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") to provide debt service savings within the parameters set forth in Section 34177.5(a)(1) of the Law (the "Statutory Savings Parameters"); and

WHEREAS, the Successor Agencies Bond Underwriter has advised the Successor Agency of potential annual savings that could be distributed to taxing entities with the refunding of the 2009 Tax Allocation Bond; and

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Hollister (the "Successor Agency") authorization from the Oversight Board is required for the Successor Agency to initiate proceedings pursuant to Section 34177.5(a)(1) of the California Redevelopment Law, as amended and supplemented by Assembly Bill 26 enacted on June 29, 2011 ("ABx1-26"), and Assembly Bill 1484 enacted on June 27, 2012 ("AB 1484") (collectively, the "Law") for the issuance of bonds (the "Bonds") to refund outstanding bonds of the Redevelopment Agency of the City of Hollister (the "Former Agency") in order to provide debt service savings within the parameters set forth in Section 34177.5(a)(1) of the Law; and

WHEREAS, the Successor Agency will need to retain the services of a team for fiscal consulting services, legal bond counsel and a Financial Adviser required by Section 24177.5 of the Law.

NOW, THEREFORE, BE IT RESOLVED, that the Successor Agency to the Redevelopment Agency of the City of Hollister is requesting authorization to initiate the process of refunding the RDA's 2009 Tax Allocation Bond in accordance with Section 34177.5 of the Law.

NOW, THEREFORE, BE IT FURTHER RESOLVED, the Successor Agency is authorized to retain a team for fiscal consulting services, legal bond counsel and a Financial Adviser to assist with the refunding.

**CITY OF HOLLISTER
DUPLICATE OF ORIGINAL
ON FILE IN THE
OFFICE OF THE CITY CLERK**

PASSED AND ADOPTED, by the City Council of the City of Hollister acting in its capacity as the Successor Agency of the Hollister Redevelopment Agency, Hollister, California, at the regular meeting held on the 19th day of February, 2019, by the following vote:

AYES: Agency Members Richman, Resendiz, Spencer, Lenoir, and Chair Velazquez.

NOES: None.

ABSTAINED: None.

ABSENT: None.



Ignacio Velazquez, Agency Chair

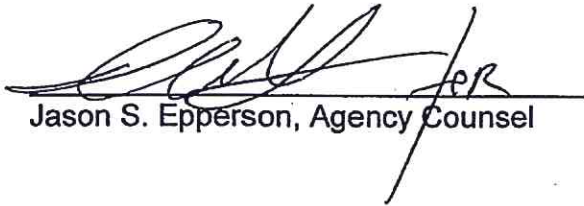
ATTEST:



Christine Black, MMC, Agency Secretary

APPROVED AS TO FORM:

Prentice, Long & Epperson, Attorneys at Law



Jason S. Epperson, Agency Counsel

RESOLUTION NO. 2019-02 OB

THE BOARD WILL CONSIDER APPROVAL OF RESOLUTION NO. 2019-02 OB, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER CITY OF HOLLISTER REDEVELOPMENT AGENCY (RDA) DIRECTING INITIATION OF PROCEEDINGS FOR REFUNDING OF THE OUTSTANDING 2009 TAX ALLOCATION BOND OF THE FORMER RDA AND FOR ASSOCIATED FISCAL AND LEGAL SERVICES.

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 9, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Hollister (the "City Council") declared that the City of Hollister, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved City of Hollister Redevelopment Agency (the "Former RDA") effective February 1, 2012; and

WHEREAS, on January 9, 2012 and pursuant to Health and Safety Code Section 34176, the City Council declared that the City would retain all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the Former RDA, effective February 1, 2012; and

WHEREAS, on February 1, 2012, the Former RDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, prior to its dissolution, the Former RDA issued 2003 Tax Allocation Bonds in the initial principal amount of \$35,000,000 (the "2003 Bond") to refund the preciously issued Community Development Project Tax Allocations Bonds, Series 199A and 1991 B; and

WHEREAS, prior to its dissolution, the Former RDA issued 2009 Tax Allocation Bonds in the initial principal amount of \$8,000,000 (the "2009 Bond") for the purpose of financing a replacement to Fire Station 1, pavement overlay and a streetscape beautification project in the West Gateway; and

WHEREAS, Health and Safety Code Section 34177.5 authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Former Agency, subject to the conditions precedent contained in Section 34177.5; and

WHEREAS, the 2003 Bond became callable on October 1, 2013 and the 2009 Bond will become callable on October 1, 2019 and pursuant to Health and Safety Code

Section 34179, the Successor Agency received authorization from the oversight board (the "Oversight Board") and Department of Finance (the "DOF") to refund the 2003 Bond in 2014 which resulted in annual savings of \$145,000 to the taxing entities; and

WHEREAS, the February 28, 2019 Staff Report to the Oversight Board indicates that current interest rates are favorable for the refunding of the 2009 Bond and savings of about \$180,000 per year could be passed on to taxing entities but time is of the essence; and

WHEREAS, the Successor Agency approved Resolution 2019-02 SA on February 19, 2019 directing staff to forward a request to initiate refunding the 2009 Tax Allocation Bond to the Oversight Board;

WHEREAS, the Successor Agency desires to retain qualified professionals to provide fiscal and legal services for the proceedings for the refunding of the 2009 bond and the services of an independent Financial Advisor pursuant to the requirements of Health and Safety Code Section 34177.5 (h) and is requesting authorization from the Oversight Board; and

WHEREAS, upon direction from the Oversight Board to the Successor Agency to undertake refunding proceedings for the 2009 Bond, it is understood that such direction by the Oversight Board will enable the Successor Agency to recover its related costs in connection with the refunding proceedings, as authorized by Section 34177.5 (f);

NOW THEREFORE, BE IT RESOLVED by the Oversight Board for the Successor Agency to the Former RDA that the February 28, 2019 Oversight Board Staff Report includes an analysis of the potential savings that may result from the refunding of the 2009 Tax Allocation Bond.

NOW THEREFORE, BE IT FURTHER RESOLVED by the Oversight Board for the Successor Agency to the Former RDA that the SA is directed to cause the preparation of appropriate proceedings for the issuance of bonds to refund the 2009 Tax Allocation Bond and shall submit such proceedings to the Oversight Board for approval in accordance with the provisions of Section 34177.5.

NOW THEREFORE, BE IT FURTHER RESOLVED the Successor Agency is directed to initiate contracts for a Fiscal Advisor required pursuant to Health and Safety Code Section 34177.5(h) as a first step and require the Fiscal Advisor to review the contracts for fiscal and legal services for refunding the 2003 bond to assure that the lowest long-term cost financing is obtained.

NOW THEREFORE, BE IT FURTHER RESOLVED the Successor Agency is directed to initiate contracts for fiscal and legal services for refunding the 2003 bond and the Successor Agency shall be authorized to recover related costs in connection with the refunding process in accordance with the provisions of Section 34177.5.

APPROVED February 28, 2019 by the Oversight Board to the Successor Agency to the City of Hollister Redevelopment Agency by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Chair,