



# City of Carson Report to Redevelopment Agency

September 21, 2010  
New Business Consent

**SUBJECT: CONSIDER ISSUANCE OF THE PROPOSED 2010 REDEVELOPMENT AGENCY HOUSING BONDS (PROJECT AREA NO. 1, MERGED AND AMENDED PROJECT AREA, AND PROJECT AREA NO. 4)**

Submitted by Clifford W. Graves  
Economic Development General Manager

Approved by Jerome G. Groomes  
Executive Director

## **I. SUMMARY**

During the last few years, the Carson Redevelopment Agency (Agency) has used or committed nearly all of its housing set-aside funds. Staff has recently identified a number of potential housing developments that will require Agency assistance. To make these projects as well as anticipated future projects possible, the Agency proposes bonding a portion of its annual housing set-aside tax increment funds.

Plans are to issue bonds secured by housing set-aside tax revenues within 60 days while bond interest rates are at the current low levels. Agency staff intends to finalize legal and financial documents and request that the Agency Board consider authorizing issuance of the bonds at its regular meeting on October 5, 2010 meeting.

## **II. RECOMMENDATION**

TAKE the following actions:

1. DIRECT staff to finalize bond documents for Agency Board approval.
2. SET October 5, 2010 for consideration to authorize the bond issue by the Carson Public Financing Authority, Redevelopment Agency Board and City Council.

## **III. ALTERNATIVES**

1. CONTINUE the item to a specific date.
2. TAKE another action the Agency Board deems appropriate.

## **IV. BACKGROUND**

The Agency has committed nearly all of its housing set-aside tax increment funds to warranted projects and is proposing bond financing to ensure providing assistance toward further development of quality workforce housing projects.

Two series of bonds are being considered, with a total tax-exempt and taxable aggregate amount between \$40 million and \$45 million. The bonds will have an investment grade rating and high debt service coverage ratio. The Agency has no

outstanding bonds or other indebtedness secured by a pledge of housing set-aside tax revenues.

Since May 2010, Agency staff has worked with C.M. de Crinis & Co., Inc. (Financial Advisor), Aleshire & Wynder (Bond Counsel), Fulbright & Jaworski (Disclosure Counsel), Bank of New York (Trustee), and DHA Consulting, LLC (Fiscal Consultant) to provide the required professional services related to the proposed bond issue. On August 19, 2010, Agency staff issued a Request For Proposals (RFP) to 10 firms to provide bond underwriting services. Eleven proposals were received by the deadline date of September 7, 2010. Agency staff is also working closely with Bond and Disclosure Counsel to produce all legal and financial documents necessary. Required documents include: Preliminary Official Statement, Bond Indentures, Bond Purchase Agreements, and the Continuing Disclosure Agreement.

Staff requests the Agency Board's authorization to continue the process of issuing housing bonds.

**V. FISCAL IMPACT**

Fees and costs associated with the issuance will be funded from the proceeds of the bonds. Principal and interest payments on the bonds will be paid from housing set-aside tax increment revenues.

**VI. EXHIBITS**

None.

Prepared by: Boris Sztorch, Senior Redevelopment Project Manager

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Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

**Action taken by Redevelopment Agency**

Date \_\_\_\_\_ Action \_\_\_\_\_