


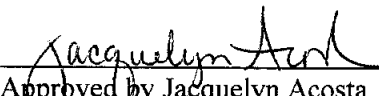


# City of Carson Report to Successor Agency

May 6, 2014  
New Business Consent

**SUBJECT: REPORT ON THE RESULTS OF THE SALE OF THE SERIES 2014 TAX ALLOCATION REFUNDING BONDS**

  
Submitted by Barry M. Walte  
Acting Director of Community Development

  
Approved by Jacquelyn Acosta  
Acting City Manager

## **I. SUMMARY**

Presented for the Successor Agency's information are the results of the sale of the Series 2014 Tax Allocation Refunding Bonds, which refunded five outstanding 2003 bond issues (the Project Area No. 1 2003 Series A bonds and the current interest bonds of the 2003 B bonds and the Merged & Amended Project Area 2003 Series A, B and C bonds).

## **II. RECOMMENDATION**

RECEIVE and FILE.

## **III. ALTERNATIVES**

TAKE another action the Successor Agency deems appropriate.

## **IV. BACKGROUND**

On April 2, 2014, the Successor Agency to the Dissolved Carson Redevelopment Agency (the "Agency") priced and sold two series of refunding tax allocation bonds. One series refunded the Project Area No. 1 Series 2003 A and the current interest bonds of the Series 2003 B and the second series refunded the Merged & Amended Project Area Series 2003 A, B and C bonds.

In Project Area No. 1, \$26,190,000 Series 2014 A bonds were sold at a premium of \$2,588,556 to refund \$28,390,000 in bonds outstanding. The refunding bonds were sold at a true interest cost of 3.50%. The bonds refunded had a remaining interest cost of 4.66%. Net present value savings are \$2,985,359, or 10.50%, of bonds refunded. The final bond maturities remained unchanged in 2034. The Series 2014 A bonds were rated A- by Standard & Poors Corporation and the bond maturities from 2019 to 2034 were insured by Assured Guarantee Municipal Corporation and rated AA as a result.

In the Merged & Amended Project Area, \$17,040,000 in Series 2014 A bonds were sold at a premium of \$2,085,073 to refund \$21,060,000 in bonds outstanding. The refunding bonds were sold at a true interest cost of 2.66%. The bonds refunded had a remaining interest cost of 4.77%. Net present value savings are

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\$1,983,603, or 9.41%, of bonds refunded. The final bond maturities remained unchanged in 2024. The Series 2014 A bonds were rated AA- by Standard & Poor's Corporation.

Together, net present value savings total \$4,968,962, of which the City of Carson will receive approximately 7%, or about \$350,000, over time in the form of increased property tax. The City was also able to recover \$50,000 from bond sale proceeds to reimburse administrative time spent on the refinancing. The primary beneficiaries of the savings will be the Los Angeles Unified School District and the County of Los Angeles. Savings ended up \$439,618, or 9.7%, higher than what was conservatively projected in the December 9, 2013, Financial Advisors Report. The bonds were sold and underwritten by Stifel Nicholas and Cabrera Capital as co-underwriters. On the sale date, the bonds were well received by investors and enjoyed an over subscription of orders which allowed the initially proposed interest rates to be reduced by the underwriters.

The refinancing program allowed the Agency to update its bond continuing disclosure policies and practices and provided other ancillary benefits including updated disclosure regarding the Boulevards at South Bay project along with focusing attention on completing certain projects.

The Agency's bonds sold at rates comparable to or lower than similar issues recently sold by the Richmond, Vacaville, San Francisco, Lafayette, and Morgan Hill. Additionally, costs of issuance and underwriting costs were also lower than many of these comparable issues.

The following table shows the savings achieved by the refunding effort. The table does not reflect future interest earnings on bond reserve funds.

**Successor Agency to the Carson Redevelopment Agency  
Series 2014 Refunding Program  
Final Refunding Savings – Bond Debt Service**

Date	Savings PA No 1	Savings M&A PA	Total Savings	Total Present Value
10/1/2014	\$ 106,441	\$ 9,768	\$ 116,209	\$ 114,522
10/1/2015	\$ 177,169	\$ 519,380	\$ 696,549	\$ 672,152
10/1/2016	\$ 178,756	\$ 522,655	\$ 701,411	\$ 658,161
10/1/2017	\$ 455,331	\$ 522,899	\$ 978,230	\$ 886,299
10/1/2018	\$ 449,038	\$ 521,605	\$ 970,643	\$ 853,518
10/1/2019	\$ 448,706	\$ 525,918	\$ 974,624	\$ 831,968
10/1/2020	\$ 452,025	\$ 523,475	\$ 975,500	\$ 808,183
10/1/2021	\$ 453,719	\$ 519,775	\$ 973,494	\$ 782,735
10/1/2022	\$ 428,763	\$ 527,800	\$ 956,563	\$ 747,500
10/1/2023	\$ 61,913	\$ 524,825	\$ 586,738	\$ 457,240
10/1/2024	\$ 61,913	\$ 483,000	\$ 544,913	\$ 413,181
10/1/2025	\$ 61,913	\$ -	\$ 61,913	\$ 42,314
10/1/2026	\$ 241,913	\$ -	\$ 241,913	\$ 158,793
10/1/2027	\$ 52,913	\$ -	\$ 52,913	\$ 33,784
10/1/2028	\$ 52,913	\$ -	\$ 52,913	\$ 32,654
10/1/2029	\$ 52,913	\$ -	\$ 52,913	\$ 31,562
10/1/2030	\$ 52,913	\$ -	\$ 52,913	\$ 30,506
10/1/2031	\$ 52,913	\$ -	\$ 52,913	\$ 29,486
10/1/2032	\$ 52,913	\$ -	\$ 52,913	\$ 28,500
10/1/2033	\$ 242,913	\$ -	\$ 242,913	\$ 125,620
10/1/2034	\$ 242,438	\$ -	\$ 242,438	\$ 121,072
Total	4,380,422	5,201,099.62	9,581,521.48	\$ 7,859,749

PV of Cashflow	\$ 7,859,749
Funds on Hand	\$ (4,207,138)
Excess Bond Proceeds	\$ 1,317,054
Total PV Savings	\$ 4,969,666

*Note: In Project Area No. 1, the debt service reserve fund is reduced by \$388,675 and in the Merged & Amended Project Area, the reserve fund is reduced by \$2,507,462, for a total reserve fund reduction of \$2,896,137. This reduction is reflected in the net present value analysis. However, when looking at the annual cash flow savings in the table below, the savings will be less since presumably the trustee would have applied interest earning to reduce current debt service payments. Offsetting some of this reduction is a reduction in trustee fees from five*

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*issues to two issues. The net impact on annual cash flow savings, assuming interest earnings of 2%, is about \$2,500 per year in Project Area No. 1 and \$48,000 per year in the Merged & Amended Project Area through 2024.*

## V. FISCAL IMPACT

Together, net present value savings total \$4,968,962, of which the City of Carson will receive approximately 7%, or about \$350,000, over time in the form of increased property tax.

## VI. EXHIBITS

None.

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Document I

TO: Rev02-24-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

## Action taken by City Council

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