

OVERSIGHT BOARD RESOLUTION NUMBER OB-2014-76

A RESOLUTION OF THE OVERSIGHT BOARD FOR CITY OF
SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY
APPROVING THE PARTIAL REDEMPTION OF DOWNTOWN
PARKING REVENUE BONDS ISSUED IN 1999 AND 2003.

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, enacted on June 28, 2011, Assembly Bill 1484, enacted on June 27, 2012, and subsequent legislation (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board has been formed to oversee certain actions and decisions of the Successor Agency in accordance with the Dissolution Laws; and

WHEREAS, the San Diego County Auditor-Controller (County Auditor), the State Controller, and the State Department of Finance (DOF) also possess certain rights and obligations under the Dissolution Laws with respect to the Successor Agency's administration of the Former RDA's operations; and

WHEREAS, pursuant to California Health and Safety Code (Code) section 34177(l), Successor Agency staff must prepare a Recognized Obligation Payment Schedule (ROPS) on a forward-looking basis for each six-month fiscal period, showing the payments to be made toward

enforceable obligations and the funding source for the payments, including, without limitation, the Redevelopment Property Tax Trust Fund (RPTTF); and

WHEREAS, Successor Agency staff has prepared the proposed seventh ROPS covering the period from January 1, 2015 through June 30, 2015, also known as ROPS 14-15B; and

WHEREAS, line item 62 of ROPS 14-15B identifies the Successor Agency's repayment of the Former RDA's parking revenue bonds, Series 1999A, issued in 1999 in the aggregate principal amount of approximately \$12.1 million in connection with the construction of a parking facility at Sixth and Market Streets in downtown San Diego (1999 Bonds); and

WHEREAS, line item 63 of ROPS 14-15B identifies the Successor Agency's repayment of the Former RDA's parking revenue bonds, Series 2003B, issued in 2003 in the aggregate principal amount of approximately \$20.5 million in connection with the construction of a parking facility at Sixth and K Streets in downtown San Diego (2003 Bonds); and

WHEREAS, the 1999 Bonds and the 2003 Bonds (collectively, Bonds) were issued for the purpose of constructing the parking facilities at Sixth and Market Streets and Sixth and K Streets in the Centre City Redevelopment Project Area (collectively, Parking Facilities);

WHEREAS, the Former RDA utilized the Bonds to pay a portion of the total construction costs for the Parking Facilities, which were completed about ten years ago and presently are in operation; and

WHEREAS, the Successor Agency currently holds proceeds of the Bonds in the aggregate amount of approximately \$5.2 million (Remaining Bond Proceeds), including \$610,000 from the 1999 Bonds and \$4,565,000 from the 2003 Bonds; and

WHEREAS, under Code sections 34177(i) and 34191.4(c)(2)(B), the Successor Agency may use the Remaining Bond Proceeds to defease (i.e., pay down the balance of) the Bonds if the purposes for which the Bonds were sold can no longer be achieved; and

WHEREAS, the Successor Agency now proposes to exercise its option under the indenture documents for the Bonds to conduct a partial redemption (i.e., defeasance) of the Remaining Bond Proceeds; and

WHEREAS, as reflected in line items 62 and 63 of ROPS 14-15B, the Successor Agency's combined indebtedness for the Bonds (including principal and scheduled interest payments) is approximately \$29.2 million; and

WHEREAS, the Remaining Bond Proceeds are surplus and can no longer be used for the purposes for which the Bonds were sold (i.e., construction of the Parking Facilities); and

WHEREAS, through a partial redemption, the Successor Agency can use the Remaining Bond Proceeds to pay down the principal balance of the indebtedness for the Bonds, resulting in decreased bond debt service payments in the future; and

WHEREAS, the local taxing entities will receive the financial benefit of the decreased bond debt service payments in proportion to their pro rata shares of the semi-annual residual balance distributions of the RPTTF; and

WHEREAS, the indenture documents for the Bonds allow a partial redemption only on a semi-annual basis, and the next available opportunity for a partial redemption will occur on March 1, 2015, during the ROPS 14-15B time period.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

1. The Board approves the Successor Agency's exercise of a partial redemption (i.e., defeasance) of remaining bond proceeds of \$610,000 from the 1999 Bonds issued in connection

with the construction of a parking facility at Sixth and Market Streets in downtown San Diego, as reflected in line item 62 of ROPS 14-15B.

2. The Board approves the Successor Agency's exercise of a partial redemption (i.e., defeasance) of remaining bond proceeds of \$4,565,000 from the 2003 Bonds issued in connection with the construction of a parking facility at Sixth and K Streets in downtown San Diego, as reflected in line item 63 of ROPS 14-15B.

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on September 10, 2014.

 
Chair, Oversight Board