

DATE: 8/3/99 AGENDA ITEM # 4
() APPROVED () DENIED
() CONTINUED TO _____

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services *MC*
SUBJECT: Reimbursement Resolution for Tax Allocation Bonds
DATE: July 23, 1999

Needs: For the Redevelopment Agency to consider adoption of a resolution establishing the authority to partially reimburse the City for Niblick Bridge expansion costs from tax allocation bond proceeds.

Facts:

1. The owner participation agreement between the Agency and the developers of Woodland Plaza II provides for a \$2,000,000 contribution towards the cost of expanding Niblick Bridge.
2. The \$2,000,000 contribution, as the owner participation agreement currently reads, is to be generated by the developers, through the cooperation of the City/Agency, with the formation of an assessment district.
3. The owner participation agreement also contained a provision that the annual assessment levies required by the formation of an assessment district would be reduced by property tax increment revenues generated from the project site.
4. Final touches are being made to an amendment to the owner participation agreement which eliminate the formation of an assessment district and give back to the Agency all property tax increment revenues generated from the project.
5. The Agency would then use the property tax increment revenues generated from the project to issue tax allocation bonds to provide the \$2,000,000 needed for the expansion of Niblick Bridge.
6. Should the Agency be unable for any reason to sale the bonds prior to the completion of the Niblick Bridge expansion project, bond law requires that there must be reimbursement resolution in place prior undertaking the expenditures which are to be reimbursed.

Analysis
and

Conclusion:

While it is highly unlikely that the Niblick Bridge expansion project would be finished by the time tax allocation bonds would be sold, the project is moving rapidly and bond market conditions are also in flux. Adoption of the reimbursement resolution simply eliminates any potential problems with getting the entire \$2,000,000 contribution applied towards Niblick Bridge.

Should bond market conditions take a turn for the worse, adoption of the reimbursement resolution would provide the Agency with the opportunity, possibly, to delay the issuance of

bonds until market conditions become more favorable. It also provides some degree of flexibility should assessed valuation not generate sufficient tax increment revenues for the entire \$2,000,000.

Fiscal
Impact:

None. Adoption of attached resolution reserves the Agency's ability to use tax allocation bond proceeds for the cost to expand Niblick Bridge.

Options:

- a. That the Agency adopt Resolution No. 99- establishing authority for reimbursement of Niblick Bridge expansion costs for the proceeds from sale of tax allocation bonds; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. _____

**A RESOLUTION OF THE REDEVELOPMENT AGENCY
OF THE CITY OF EL PASO DE ROBLES DECLARING
OFFICIAL INTENT TO REIMBURSE PROJECT EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS**

WHEREAS, the AGENCY has conditioned a retail commercial development, commonly known as Woodland Plaza II, to contribute to the cost to expand Niblick Bridge; and

WHEREAS, this contribution towards Niblick Bridge expansion, per the executed owner participation agreement, is \$2,000,000; and

WHEREAS, an assessment district is to be formed and property tax increment revenues generated from the project site are pledged to provide the \$2,000,000 contribution; and

WHEREAS, the AGENCY and developer are now negotiating an amendment to the owner participation which would eliminate the formation of an assessment district and give back to the AGENCY all property tax increment revenues generated from the project site; and

WHEREAS, in return for elimination of the assessment district and receipt of all property tax increment revenues, the AGENCY will issue tax allocation bonds in order to generate \$2,000,000 which shall be applied towards the cost to expand Niblick Bridge, currently under construction.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of El Paso de Robles, California, as follows:

1. Pursuant to US Treasury Regulations Section 1.150-2, the Agency hereby declares its official intent to use proceeds of indebtedness for the Niblick Bridge Expansion Project to reimburse the City for expenditures.
2. This resolution does not bind or commit the Agency to make any expenditure, incur any indebtedness, or otherwise proceed with the Project.
3. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Redevelopment Agency of the City of El Paso de Robles, California, on the 3rd day of August, 1999 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSTAIN: Board Members:

ABSENT: Board Members:

By: _____
Walter Macklin, Chairman

ATTEST:

James L. App, Secretary