

REQUEST FOR REDEVELOPMENT AGENCY ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) NA
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TO: REDEVELOPMENT AGENCY AND CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): City Redevelopment	DATE: 07/02/2010
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SUBJECT: Housing Set-Aside Tax Allocation Bonds and Four Series of Tax Allocation Bonds for the City Heights, Crossroads, Naval Training Center, and San Ysidro Redevelopment Project Areas

PRIMARY CONTACT (NAME, PHONE): Maureen Ostrye, 236-6270, 56-D	SECONDARY CONTACT (NAME, PHONE): Alfonso Gastelum, 236-6538, 56-D
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): FISCAL IMPACT: SEE FISCAL CONSIDERATIONS IN THE ATTACHED REPORT TO COUNCIL AND EXECUTIVE SUMMARY.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Environmental Analysis	ORIG DEPT.	Weinrick, Janice	7/6/2010
Liaison Office	CFO	Lewis, Mary	7/13/2010
Debt Management	DEPUTY CHIEF	Weinrick, Janice	7/13/2010
Comptroller	COO		
	CITY ATTORNEY	Will, Brant	7/12/2010
	COUNCIL PRESIDENTS OFFICE	JuradoSainz, Diana	7/14/2010

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

Redevelopment Agency:

1. Approve the issuance of Housing Set-Aside Tax Allocation Bonds ("TAB"), 2010 Series A, approve related documents, authorize the Exec. Dir. or designee to set the final terms of the sale, and make related determinations.
2. Make certain findings of benefit related to the use of Housing Funds outside the City Heights, Crossroads, NTC, North Bay, North Park and San Ysidro Projects for debt service on the Housing TAB.
3. Approve the issuance of four series of TAB for the CH, CR, NTC and SY Projects; approve related documents; authorize the ED or designee to set the final terms of the bonds sale and approve related matters.
4. Authorize the City Attorney to appoint Best Best & Kreiger Bond & Disclosure Counsel for the TABs, Series 2010 with total compensation not to exceed \$294,809 paid from bond proceeds.
5. Amend the Fiscal Year 2011 Redevelopment Agency budget:
 - a) To authorize the City Chief Financial Officer, as delegated to appropriate and expend the following amounts for the repayment to U.S. Bank N.A: 1) \$12,211,076.12 from the NTC TAB Series 2010A proceeds for the NTC non-housing line of credit ("LOC"); 2) \$2,011,123.24 from the CH TAB Series 2010B for the CH non-housing LOC; 3) From the Housing Set-Aside TAB: \$5.6M for the NTC housing LOC, \$4.153M for the CH housing LOC; \$8.58M for the NB housing LOC; and \$7.3M for the NP housing LOC.
 - b) To authorize the City Chief Financial Officer, as delegated to appropriate and expend the following amounts: 1) \$1,694,410 from the CH TAB Series 2010B for repayment of the developer loan for the City Heights Square project; 2) \$2,979,381.34 from the SY TAB Series 2010B for repayment of developer loans for the Las Americas; 3) From the Housing Set-Aside TAB: \$1,030,905 for repayment of the developer loan for La Boheme, \$1,606,715.34 for repayment of developer loan for CH Office and Townhomes, \$2.925M for Florida St. Apartments, \$1.9M for the CH Home in the Heights, \$315,000 for CH HELP, and \$3.015M for Fairmount 26; \$5.104M for Estrella del Mercado.
 - c) To authorize the City Chief Financial Officer, as delegated to appropriate and transfer funds: 1) as necessary from available Housing Set-Aside funds in the CH, Crossroads, NTC, NB, NP and SY Project funds for the Supplemental Reserve Fund and FY 2011 debt service on the Housing TAB once established in the Debt Service Schedule of the final Official Statement. 2) for FY2011 debt service, once established in the Debt Service Schedule of the final Official Statements, as necessary from available: i) CH funds for debt service on the 2010A & B TAB, ii) Crossroads funds for debt service on the 2010A TAB, iii) NTC funds for debt service on the 2010A TAB, iv) SY funds for debt service on the 2010A and 2010B TAB, v) remaining bond funds as necessary.

City Council:

1. Authorize the Redevelopment Agency to issue Housing Set-Aside TAB, 2010 Series A Taxable.
2. Make certain findings of benefit related to the use of Agency Housing Funds

<p>outside the City Heights, Crossroads, NTC, North Bay, North Park and San Ysidro Projects for debt service on the Housing TAB.</p> <p>3. Authorize the Redevelopment Agency to issue TABs the CH, CR, NTC and SY Projects</p>	
<p>STAFF RECOMMENDATIONS: Approve the requested actions</p>	
<p>SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)</p>	
<p>COUNCIL DISTRICT(S):</p>	<p>2, 3, 4, 6, 7, 8</p>
<p>COMMUNITY AREA(S):</p>	<p>Clairemont Mesa, Linda Vista, Old Town, Uptown, Midway/Pacific Highway Corridor, Mission Valley, Peninsula, Mid-City, North Park, San Ysidro</p>
<p>ENVIRONMENTAL IMPACT:</p>	<p>This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(2).</p> <p>Housing Impact: Approval of this action will provide \$51 million for affordable housing projects.</p>
<p>CITY CLERK INSTRUCTIONS:</p>	<p>Redevelopment Agency and Council Compantion</p>

REDEVELOPMENT AGENCY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 07/02/2010

ORIGINATING DEPARTMENT: City Redevelopment

SUBJECT: Housing Set-Aside Tax Allocation Bonds and Four Series of Tax Allocation Bonds for the City Heights, Crossroads, Naval Training Center, and San Ysidro Redevelopment Project Areas

COUNCIL DISTRICT(S): 2, 3, 4, 6, 7, 8

CONTACT/PHONE NUMBER: Maureen Ostrye/236-6270, 56-D

REQUESTED ACTION:

Agency: Approve 5 series of Tax Allocation Bonds & related docs for Housing & Crossroads, San Ysidro, NTC & City Heights; authorize Ex Dir to set final terms. Make findings of benefit re: use of Hsg Funds outside Project Areas for debt service on Hsg TAB. Authorize CA to appoint BB&K Bond/Disclosure Counsel pd from bond proceeds w/total compensation not to exceed \$294,809 contingent on TABs closing. Amend FY2011 budget to authorize proceeds appropri/expend for identified uses, & remain'g as necessary. City: Authorize 5 series of TABs & related docs, authorize ED to set final terms. Make findings of benefit re:use of Hsg Funds outside Project Areas for debt service on Hsg TAB.

STAFF RECOMMENDATION:

Approve the requested actions

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

In July 2007, the Agency obtained lines of credit ("LOC") from San Diego National Bank (now U.S. Bank) for the City Heights, NTC, North Bay, and North Park Redevelopment Project Areas. The aggregate amount drawn on all LOCs was \$39.85 million (\$25.63 million for housing projects; \$14.22 million for non-housing projects). The Agency is proposing to issue one series of Housing bonds and four series of non-housing bonds for the City Heights, Crossroads, NTC, and San Ysidro Project Areas. The Housing bonds are proposed to be a pooled issue secured by the housing set-aside revenue of the four project areas as well as that of North Bay and North Park. Bond proceeds will be used to repay the lines of credit, outstanding obligations, and housing and non-housing projects as well as public improvements.

The proposed TABs issuance includes approval of the following documents for each issuance by the Disclosure Practices Working Group, Agency, City Council and Public Facilities Financing Authority ("PFFA") prior to the closing at the end of August 2010: 1. Preliminary Official Statement providing information to potential bond purchasers of all relevant information as to the financial capacity of the project areas; 2. Trust Indenture between the Agency and Trustee providing instructions to the Trustee for establishing accounts and making payments to bond holders; 3. Continuing Disclosure Certificate details the Agency's ongoing obligation to file annual reports and material event notices with the Municipal Securities Rulemaking Board for the benefit of the bondholders; 4. Purchase Contract among the Agency, the PFFA, and the underwriters setting the terms and conditions for sale of the bonds to by the Agency to the PFFA for concurrent resale to the underwriters who will market and sell the bonds as a public offering.

FISCAL CONSIDERATIONS:

An independent Fiscal Consultant Report has been prepared for each of the project areas which concludes that sufficient tax increment revenue is and will continue to be generated on an annual basis by each of the project areas to support annual debt service payments on the bonds. Based on assumptions related to ratings and interest costs, the proposed value of the bonds are as follows: Housing par \$57.3M, net proceeds of \$51M; City Heights par \$5.8M (tax-exempt), \$9.3M (taxable), net \$5M & \$8.2M; Crossroads par \$5.0M (tax-exempt), net \$4.3M; NTC par \$20M (tax-exempt), net \$18.2M; San Ysidro par \$2.9M (tax-exempt), \$5.0M (taxable), net \$2.5M & \$4.5M. The bonds cannot be priced until all documents are approved and ratings established.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): None

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15061(b)(3), this activity is exempt from CEQA under the general rule that CEQA applies only to projects having potential to cause a significant effect on the environment.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: None

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The Crossroads, North Bay, North Park and San Ysidro Project Area Committees ("PAC") voted to support the issuance of the bonds and pooling of housing funds for the development of affordable housing. The City Heights PAC approved the issuance of the bonds but rejected the pooling of housing funds and requested that the City Heights portion remain in City Heights if the Fairmount 26 project is not funded.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Business entities engaged in the proposed 2010 Bonds transaction are Kitahata & Company (Financial Advisor), David Taussig & Associates (Fiscal Consultant), Best Best & Krieger (Bond and Disclosure Counsel), U.S. Bank, National Association (Bond Trustee), De La Rosa & Co. and Piper Jaffray & Co. (Underwriters).

Weinrick, Janice

Originating Department

Weinrick, Janice

Deputy Chief/Chief Operating Officer