



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



Date: August 11, 2015

Board Meeting Date: September 1, 2015

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: John L. Maltbie, County Manager

Subject: Resolution Approving the Subordination Request from the Successor Agency to the Redevelopment Agency of the City of Menlo Park for the Las Pulgas Community Development Project Area

RECOMMENDATION:

Adopt a resolution to approve the subordination request, dated July 31, 2015, from the Successor Agency to the Redevelopment Agency of the City of Menlo Park for the Las Pulgas Community Development Project Area.

BACKGROUND:

Pursuant to Section 34177.5(a) of the California Health and Safety Code, the Successor Agency to the Redevelopment Agency of the City of Menlo Park ("Successor Agency") intends to refinance its outstanding bonds to achieve debt service savings.

As a result of the issuance of refunding bonds, the Successor Agency has requested approval of subordination of the pass-through payments received by the County from the Menlo Park Redevelopment Property Tax Trust Fund ("RPTTF") pursuant to the pass-through agreement between the County and the Redevelopment Agency of the City of Menlo Park dated November 24, 1981 ("Pass-through Agreement").

The County had previously approved such subordination with respect to the outstanding bonds of the Successor Agency that are now to be refunded, but such subordination does not automatically transfer to refunding bonds.

DISCUSSION:

Under Section 34177.5(c), the Successor Agency may subordinate statutory pass-through payments to taxing entities with the entity's approval. An entity can only refuse approval, however, if there is substantial evidence that the Successor Agency will not be able to make both the refinanced bond payments and the statutory pass-through payments.

The Successor Agency has provided its consultant's projections that the RPTTF has sufficient annual funding, after accounting for administrative costs and debt service payments, to cover the projected pass-through payments due to the County. In FY 14-15 the RPTTF had \$3.28 million in residual revenues to be distributed to the affected taxing agencies after paying all obligations.

County Counsel has reviewed and approved the resolution as to form.

Approval of this agreement contributes to the Shared Vision of a Collaborative Community by approaching issues with fiscal accountability and concern for future impacts by addressing and participating in opportunities for taxing entities to more responsibly use tax-payer dollars and lower costs.

PERFORMANCE MEASURE(S):

Measure	FY 2014-15 Actual	FY 2015-16 Projected
Percent of annual pass-through payments, as provided in the Pass-through Agreement, received by the County	100%	100%

FISCAL IMPACT:

Following the Successor Agency's closing of the sale of its refunding bonds, sufficient funds should continue to be available in the RPTTF to pay the pass-through amounts payable to the County. Moreover, even if the RPTTF did not have sufficient funds to cover both its pass-through payments and its debt service obligations, the statutory pass-through payments would not be forfeited, but instead would be payable in the next ROPS period in which there is sufficient RPTTF funds to cover both the debt service obligations and the pass-throughs.

The County received approximately \$1.55 million in pass-through payments from the RPTTF during FY 2014-15.

RPTTF revenues are distributed twice a year. Based on the current RPTTF distribution amounts it is expected that in the unlikely event that insufficient RPTTF monies were available to pay the pass-through payments to the County, then such payments would likely be postponed only until the next RPTTF distribution in six months.