



County of San Mateo

Inter-Departmental Correspondence

Department: CONTROLLER

File #: 16-414

Board Meeting Date: 7/25/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Juan Raigoza, Controller

Subject: Subordination Request for the 2017 Refunding Bonds of the Successor Agency to the Redevelopment Agency of the City of San Mateo

RECOMMENDATION:

Adopt a resolution approving the Subordination Request for the 2017 Refunding Bonds of the Successor Agency to the Redevelopment Agency of the City of San Mateo.

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 San Mateo ("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 statutory pass-through payments received by the County from the San Mateo Redevelopment Property Tax Trust Fund ("RPTTF"). The County had previously approved a subordination of statutory pass-through payments for the Successor Agency's 2015 Refunding Bonds Series A and B.

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.

Since the dissolution of the Redevelopment Agencies, the Redevelopment Property Tax Trust Fund (RPTTF) for the Successor Agency has always had sufficient funds to cover all obligations and pass-through payments. The RPTTF had \$7.2 million in residual distributions during the "B" Redevelopment Obligation Payment Schedule (ROPS) period, and \$1.2 million in residual distribution during the "A" ROPS period. Based on these figures, the Successor Agency's consultant projects that the RPTTF has enough annual funding, after accounting for administrative costs and debt service payments, to cover the pass-through payments almost 3 times over.

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

Approval of this agreement contributes to the Shared Vision 2025 outcome 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:

Measure	FY 2016-17 Actual	FY 2017-18 Projected
Percent of major tax apportionments completed by installment due dates	100%	100%

FISCAL IMPACT:

In the event the RPTTF did not have sufficient funds to cover the statutory pass-through payments and the debt service obligations, the statutory pass-through payments would be subordinated in order to allow the debt service obligations to be paid. The statutory pass-through payments would not be forfeited and would be payable in the next ROPS period in which there is enough funds in the RPTTF to cover both the debt service obligations and the statutory pass-through payments.

The County received approximately \$493,000 in pass-through payments from the RPTTF during FY 2016-17. Of this, \$247,000 was during the “B” period, and \$246,000 was during the “A” period.

Based on the current RPTTF distributions, it is expected that in the event of subordination, the statutory pass-through payments to the County would only be postponed one ROPS period, or six months.