2011 Tax Allocation Bonds

City Council/Redevelopment Agency/Financing Authority

April 19, 2011

2011 Tax Allocation Bonds

- Introduction
  - Stadium Term Sheet (Section 7.4) specifically carves out a portion of available tax increment monies to pay for debt service on a “new tax allocation bond issuance with net proceeds of Twenty-Five Million Dollars ($25,000,000) for future agency projects other than the Stadium.”

2011 Tax Allocation Bonds

- The proceeds from this $25 million issue are to be used for major refurbishment of public facilities built as part of the Bayshore North Redevelopment project
- Protects limited General Fund monies from having to be used to refurbish these facilities

2011 Tax Allocation Bonds

- Santa Clara Convention Center
- Convention Center Garage
- New Tasman Parking Garage
- David's Banquet Facility
- Fire Stations #10 and #6
- Santa Clara Youth Soccer Park
- Martinson Day Care Center
- New North Bayshore Library

2011 Tax Allocation Bonds

- Bond Financing Team
  - Financial Advisor – KNN Public Finance
  - Bond Counsel – Jones Hall
  - Disclosure Counsel – Jones Hall
  - Redevelopment Counsel – Goldfarb & Lipman
  - Real Estate/Economic Advisor – Keyser Marston Associates
  - Underwriter – Stone & Youngberg

2011 Tax Allocation Bonds

- Structure
  - Tax-exempt issuance
  - $35 million authorization
  - Maximum interest rate of 8.5% - expecting 7.5% or lower depending on market
  - All costs paid out of bond proceeds:
    - Cost of issuance/underwriter discount expected to be no more than $550,000
    - Reserve funding requirement about $3 million

2011 Tax Allocation Bonds

- Structure (Cont'd)
  - Net proceeds of $25 million deposited into separate fund for RDA major refurbishment
  - Net proceeds above $25 million, if any, deposited into separate fund to be put toward Agency's contribution of $40 million for the Stadium project

2011 Tax Allocation Bonds

- Structure (Cont'd)
  - Actual interest rate and amount of bonds issued will be determined at the time of sale
  - Debt service on the bonds paid for with tax increment generated in the Bayshore North Project Area
    - General Fund monies NOT at risk

2011 Tax Allocation Bonds

- Schedule
  - April 19 - Approval of financing and legal documents
  - Week of April 25 – Rating presentation
  - May 2 – Preliminary Official Statement posted/distributed to investors
  - May 10 – Bond Sale
  - May 26 – Bond Closing

2011 Tax Allocation Bonds

- Executive Summary of Transaction
  - Resolutions approving issuance of bonds
  - Fiscal Agent Agreement
  - Bond Purchase Agreement
  - Preliminary Official Statement

Recommendation

- Council – Adopt Resolution approving issuance of 2011 Tax Allocation Bonds
- Agency – Adopt Resolution authorizing issuance of 2011 Tax Allocation Bonds, approving form and execution of documents, and authorizing staff to make non-substantive or routine changes
- Financing Authority – Adopt Resolution authorizing purchase of 2011 Tax Allocation Bonds and concurrent sale of Bonds to Underwriter, approving form and execution of documents, and authorizing staff to make non-substantive or routine changes

Questions/Answers