



City of Morgan Hill

Legislation Text

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CITY COUNCIL STAFF REPORT

MEETING DATE: DECEMBER 16, 2015

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APPROVED BY: City Manager

FIFTH SEMI-ANNUAL REPORT ON POST-ISSUANCE COMPLIANCE PROCEDURES FOR TAX ADVANTAGED BONDS

RECOMMENDATION(S)

For information only.

COUNCIL PRIORITIES, GOALS & STRATEGIES:

Ongoing Priorities

Maintaining fiscal responsibility
Preserving and cultivating public trust

REPORT NARRATIVE:

During the past six months, City staff has executed the post-issuance compliance procedures, notably as such:

- Continue to emphasize throughout the City organization the importance of having a plan based on reasonable expectations at the time of issuance (and then actually following through post issuance) to spend tax-exempt bond proceeds in the time frame as required by the internal revenue code.
- Helping the City's arbitrage rebate consultant complete the final arbitrage rebate calculations for Regional Wastewater Facilities and Capital Improvements Project, Series 2002, resulting in a negative yield, thus no rebate payment was due to the IRS.
- Working with trustees to ensure proper defeasance notices are filed on EMMA, the official repository for information on all municipal bonds, for the bonds defeased from the refunding.
- Working with consultant to generate and file the second required annual continuing disclosure report for the Refunding Revenue Bonds for the Former Redevelopment Agency, Series 2013A and 2013B. The Disclosure Certificate requires the Agency to cause an Independent Redevelopment Consultant to prepare an Annual Report. The Agency, acting as Dissemination Agent, is then required to provide the Annual Report to the Municipal Securities Rulemaking

Board (MSRB) through EMMA, to the Participating Underwriter and to the Trustee. The annual report contains the following information:

- Redevelopment Project Area taxable assessed valuation for the Fiscal Year ending June 30 of the next ensuing calendar year;
- Redevelopment Project Area base year assessed value;
- Taxable assessed valuation for each of the ten largest taxpayers in the Redevelopment Project Area for the Fiscal Year ending June 30 of the next ensuing calendar year;
- Total Pledged Tax Revenues deposited into the Redevelopment Property Tax Trust Fund (RPTTF) by the County Auditor-Controller since the previous November 1;
- Total Pledged Tax Revenues remitted by the County Auditor-Controller to the Trustee on each January 2 and June 2 of the then current calendar year;
- The Balance in the Reserve Fund as of the immediately preceding September 1; and
- Annual Debt Service Coverage for the Bond Year ending on the immediately preceding September 1.

As previously discussed in the narrative section of the fourth semi-annual report on post-issuance compliance report, Finance staff and the arbitrage rebate consultant for the 2008A redevelopment bonds worked on an “arbitrage rebate refund request” from the IRS. This refund in the amount of \$274,437 was received in August 2015 and was made available to spend on redevelopment-related projects.

City Manager and the Public Works staff continue to ensure the City has a plan with a reasonable expectation to spend the 85% of the tax-exempt bond proceeds within 3 years of issuance, and 100% within 5 years. These spending plans are illustrated in the 5-year Capital Improvement Program Budget.

COMMUNITY ENGAGEMENT: Inform

This is an informational report, which assures the City staff has executed the post-issuance compliance procedures in the past six months. Staff expects the next semi-annual report to be issued in May 2016.

ALTERNATIVE ACTIONS:

There are no alternative actions recommended, as this is an information only report.

PRIOR CITY COUNCIL AND COMMISSION ACTIONS:

At its regular meeting of April 17, 2013, the City Council adopted procedures for Finance staff to follow in administering tax-exempt bonds in accordance with the internal revenue code. This report is called for by Section 2C of those procedures. The City Council previously received such reports, in order, on the following meetings:

-1st report: October 16, 2013

-2nd report: April 16, 2014

-3rd report: October 1, 2014

-4th report: July 08, 2015

FISCAL AND RESOURCE IMPACT:

None for this report. Carrying out post-issuance compliance procedures is part of the Finance work program each fiscal year.

CEQA (California Environmental Quality Act):

Not a Project

LINKS/ATTACHMENTS:

None