



Agenda Item 7-C

Approvals: \_\_\_\_\_

City Manager [Signature]

Dept. Head \_\_\_\_\_

Attorney \_\_\_\_\_

Finance \_\_\_\_\_

# AGENDA REPORT

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY  
TO THE SAN CLEMENTE REDEVELOPMENT AGENCY

Meeting Date: July 3, 2013

**Department:** Finance and Administrative Services

**Prepared By:** Jake Rahn, Financial Services Officer

**Subject:** *NEGOCIO CERTIFICATES OF PARTICIPATION*

**Fiscal Impact:** None.

**Summary:** The City and the Redevelopment Agency (RDA) entered into a Lease-Leaseback Agreement to facilitate the purchase of the Negocio building, which currently holds the Community Development department. This report discusses the status and obligations under the Lease-Leaseback transaction.

**Background:** In 1993, the City of San Clemente issued Certificates of Participation in conjunction with entering a Lease-Leaseback Agreement dated as of June 1, 1993 with the RDA. The RDA essentially sold it rights to the stream of lease payments in exchange for receiving funds from investors to provide funds for the City's purchase of the Negocio building. The title to the property rests with the City. Currently, the City's Community Development and Public Works departments operate from the facility.

**Discussion:** The RDA was officially dissolved as of February 1, 2012. At that time the Successor Agency received all assets and liabilities of the former RDA, which includes this lease-leaseback. The City continues to budget for payments that are made on the Certificates of Participation. The RDA has no financial interest or obligations in these transactions and only acts in the capacity of an intermediary (or conduit) for the payments on the Certificates of Participation.

The Certificates of Participation payments include no tax increment funds and the City transmits the funds directly to a fiscal agent who services the debt. Therefore, the Agency does not reflect the amounts on the Recognized Obligation Payment Schedule. The principal amount of the obligations remaining under the Certificates of Participation is \$1,560,000 at June 30, 2013. The City also has approximately \$330,000 in a Reserve fund held by the City's bond fiscal agent.

The RDA has no title to the property asset and the City continues to make payments satisfying the Certificates of Participation.

**Recommended**

**Action:**

STAFF RECOMMENDS THAT the Oversight Board:

- 1) Authorize the Successor Agency to act as a conduit for the lease payments and obligation under the Certificates of Participation.