



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: County Administrative Office

Subject: Subordination of County Election Amount related to County RDA
Successor Agency 2025 Refunding Bonds

Meeting Date: February 11, 2025

Formal Title: Adopt resolution affirming subordination of amounts payable to the County under the California Redevelopment Law to payment of Tax Allocation Refunding Bonds, 2025 Series A and all existing bonds of the Santa Cruz County Redevelopment Agency

Recommended Actions

Adopt a resolution affirming the County's intent to continue the subordination of amounts payable to the County under Section 33676 of the California Redevelopment Law to payment of the Tax Allocation Refunding Bonds, 2025 Series A and all existing bonds of the Santa Cruz County Redevelopment Agency.

Executive Summary

Adoption of this resolution will approve the subordination of pass-through amounts due to the County of Santa Cruz to payment of the Redevelopment Agency and Successor Agency bonds. The subordination enhances the credit rating on the bonds and results in lower borrowing costs.

Discussion

Elsewhere on today's agenda, the Board, acting as the Santa Cruz County Redevelopment Successor Agency (Successor Agency), is being asked to approve the issuance of Tax Allocation Refunding Bonds, 2025 Series A (Refunding Bonds). The Refunding Bonds will reduce the total Successor Agency debt service payments and result in more residual tax funds being available for the affected taxing agencies, including the County of Santa Cruz.

Beginning in 1987 and continuing with each succeeding issuance by the former Santa Cruz County Redevelopment Agency and the Successor Agency, the Board had approved the subordination of pass-through amounts due to the County of Santa Cruz to payment of the Redevelopment Agency and Successor Agency bonds. There has always been sufficient funding to pay the County's pass-through payment, even though subordinate in priority to the bonds. The subordination enhanced the credit rating on the bonds and resulted in lower borrowing costs. The continued subordination of the County's pass-through is requested in connection with the issuance of the Refunding Bonds.

Financial Impact

As identified in the companion Successor Agency item elsewhere on the agenda, the increase in the residual property tax (or former tax increment) that gets distributed to all the taxing entities (including the County) will increase by approximately \$8,800,000 over 11 years from the Refunding Bonds. To the extent the incremental residual property tax is not used for other Successor Agency enforceable obligations, it will be distributed to taxing agencies, including the County, through the regular RPTTF distribution process. The County General Fund share of the increased residual is

approximately \$1.16 million based on today's interest rates.

Strategic Initiatives

Equity Framework - Plans, Policies & Budgets

Operational Plan - Operational Excellence

Submitted By:

Carlos Palacios

Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.