



# Monterey County

168 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

## Board Report

Legistar File Number: WRAG 17-132

May 18, 2017

**Introduced:** 5/10/2017

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** WR General Agenda

Consider recommending that the Board of Supervisors consent to the subordination of the payment of its pass-through obligations to the payment of debt service to facilitate refunding of 2008 bonds by the Sand City Successor Agency; and authorizing the General Manager to sign a letter of consent.

### RECOMMENDATION:

Recommend that the Board of Supervisors consent to the subordination of the payment of its pass-through obligations to the payment of debt service to facilitate refunding of 2008 bonds by the Sand City Successor Agency; and authorize the General Manager to sign a letter of consent.

### SUMMARY/DISCUSSION:

On April 28, 2017, the Monterey County Water Resources Agency (MCWRA) received a letter dated April 21, 2017 from Mr. Todd, Bodem, City Administrator for Sand City. The subject of the letter is "Subordination Notice." In that letter, Mr. Bodem gives the MCWRA notice that the Successor Agency intends to refinance \$7,015,000 in tax allocation bonds that were issued in 2008 to finance redevelopment projects with the Successor Agency. The purpose of the refinancing is to gain the benefit in a drop of the interest rate from 4.19% to 3.09% on the outstanding balance.

Under applicable law, successor agencies may subordinate the payment of statutory and contractual pass-through obligations payable to taxing agencies to the payment of debt service on successor agency refunding bonds. Cal. Health & Safety Code § § 34177.5(c); 34183(a)(1). To obtain subordination, the successor agency shall provide evidence to the taxing entity (MCWRA) provide "with substantial evidence that sufficient funds will be available to pay both the debt service on the bonds or other indebtedness and" all required pass through obligations when due.

MCWRA's options are:

1. Not respond. In such a case, the law presumes that the MCWRA's subordination is deemed approved.
2. Disapprove the request if the MCWRA determines that the Successor Agency has not provided MCWRA with substantial evidence that the Successor Agency will be able to pay both its debt service on the refunding bonds and all required pass-through obligations when due (Cal. Health & Safety Code § § 34177.5(c).
3. Consent to the subordination

Prepared by: Jesse Avila, County Counsel, (831) 755-4860

Approved by: \_\_\_\_\_  
David E. Chardavoyne, General Manager, (831) 755-4860

Attachment:

1. Letter from Sand City
2. Board Order