



## Legislation Details (With Text)

**File #:** 17-834 **Version:** 1 **Name:**  
**Type:** Agreement **Status:** Agenda Ready  
**File created:** 9/14/2017 **In control:** BOARD OF SUPERVISORS  
**On agenda:** 9/26/2017 **Final action:**  
**Title:** Consideration of Subordination Agreement with the City of Clearlake Redevelopment Agency  
**Sponsors:** Administrative Office  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. Ltr\_RequestforSuborinationofPayments, 2. AcknowledgmentAndConsent, 3. Agreement\_ClearlakeRedevelopmentAgency\_1990

Date	Ver.	Action By	Action	Result
9/26/2017	1	BOARD OF SUPERVISORS		
9/26/2017	1	BOARD OF SUPERVISORS	approved	Pass

## MEMORANDUM

**TO:** Board of Supervisors  
**FROM:** Carol J. Huchingson, County Administrative Officer  
**DATE:** September 26, 2017  
**SUBJECT:** Consideration of Subordination Agreement with the City of Clearlake Redevelopment Agency

### EXECUTIVE SUMMARY:

Redevelopment agencies are funded by the growth in assessed valuation of properties within a redevelopment area. This growth is commonly referred to as "tax increment" and comes at the expense of all the other tax receiving agencies in a redevelopment area. In 1990 as part of the establishment of the City of Clearlake Redevelopment Agency, the Agency agreed to return a portion of this tax increment to the County in order to mitigate the loss of revenue to the County. These payments are commonly referred to as pass-through payments.

The 1990 Agreement also stipulates that should the Agency issue bonds, the County would subordinate the pass-through payments if the Agency needed the additional money to pay the annual debt on the bonds. This stipulation was conditioned upon satisfactory evidence being provided at the time of debt issuance that the pass-through payments would not likely be needed to repay the debt. The Agreement also states that if the County's pass-through payments are needed, the Agency is

obligated to repay the money when it is able to do so.

In 2006, the Agency issued bonds and the County agreed to subordinate the pass-through payments. The Successor Agency is now intending to refinance these bonds at a lower interest rate and has asked the County to reaffirm its subordination of the pass-through payments. As support for this request, the Agency estimates that the refinancing will save approximately \$26,500 annually which in turn should increase the likelihood that the Agency can make their full bond payments without having to jeopardize its pass through payments to the County.

**FISCAL IMPACT:**   X   None    Budgeted    Non-Budgeted

Estimated Cost:

Amount Budgeted:

Additional Requested:

Annual Cost (if planned for future years):

**FISCAL IMPACT (Narrative):** None

**STAFFING IMPACT (if applicable):** None

**RECOMMENDED ACTION:** Based on the terms of the 1990 Agreement and the prospect that this bond refinancing will strengthen the Agency's ability to make its pass through payments, staff recommends your Board approve the subordination of the pass-through payments and authorize the Chair to execute the attached Acknowledgment and Consent to Subordination.