

NOTICE OF REGULAR MEETING

Pursuant to Section 54954.2 of the Government Code of the State of California, a Regular meeting of the **Oversight Board to the Successor Agency of the City of Tracy Community Development Agency** is hereby called for:

Date/Time: Tuesday, February 7, 2017, 3:30 p.m.
(or as soon thereafter as possible)

Location: City Council Chambers, City Hall
333 Civic Center Plaza, Tracy, CA. 95376

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Oversight Board to the Successor Agency of the City of Tracy Community Development Agency on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

1. CALL TO ORDER
2. ROLL CALL
3. ITEMS FROM THE AUDIENCE - *In accordance with Procedures for Preparation, Posting and Distribution of Agendas and the Conduct of Public Meetings, adopted by Resolution 2015-052 any item not on the agenda brought up by the public at a meeting, shall be automatically referred to staff. If staff is not able to resolve the matter satisfactorily, the member of the public may request a Board Member to sponsor the item for discussion at a future meeting.*
4. APPROVAL OF FEBRUARY 2, 2016, MINUTES
5. APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
6. ITEMS FROM THE AUDIENCE
7. BOARD MEMBER ITEMS
8. ADJOURNMENT

Date Posted: February 2, 2017

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall (209-831-6000), at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Oversight Board to the Successor Agency of the City of Tracy Community Development Agency regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF TRACY
COMMUNITY DEVELOPMENT AGENCY

REGULAR MEETING MINUTES

February 2, 2016, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

1. CALL TO ORDER – Vice Chair Maciel called the meeting to order at 3:30 p.m.
2. ROLL CALL - Roll call found Board Members Borwick, Khan, Thomas and Vice Chair Maciel present; Chair Sensibaugh absent. Also present were Robert Harmon, Senior Accountant, and Adrienne Richardson, Recording Secretary.
3. ITEMS FROM THE AUDIENCE – None
4. APPROVAL OF MINUTES – It was moved by Board Member Khan and seconded by Board Member Thomas to approve the regular meeting minutes of December 1, 2015. Voice vote found Board Members Borwick, Khan, Thomas and Vice Chair Sensibaugh in favor. Chair Sensibaugh absent.
5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) - Robert Harmon, Senior Accountant provided the staff report. Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of Assembly Bill X1 26 and replaced them with successor agencies responsible for the wind-down of the former redevelopment agencies. The City of Tracy City Council elected to serve as the successor agency to the former City of Tracy Community Development Agency (CDA). ABX1 26 also redirected the tax increment funding previously received by the CDA to a Redevelopment Property Tax Trust Fund (RPTTF) held by the County.

The Successor Agency previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA including such items as required payments on existing bonds, bond trustee costs and other obligations. This EOPS, once recognized by the state, became the basis for the Recognized Obligation Payment Schedule (ROPS). Beginning in 2016, the law requires that successor agencies adopt an annual ROPS that lists all enforceable obligations proposed for payment in the subsequent fiscal year. Funds once received by the CDA, now held in the RPTTF, are used to fund the ROPS. Any excess funds remaining in the RPTTF are then disbursed to the other taxing agencies (e.g. schools, special districts, city & county) who would have otherwise received the property taxes had the CDA not existed. Funds are disbursed on a pro-rata basis with the City of Tracy receiving approximately 17% of the remaining RPTTF.

Board Member comments and questions followed.

It was moved by Board Member Khan and seconded by Board Member Borwick to adopt Resolution OB2016-001, a Resolution of the Oversight Board of the Successor

Agency to the Tracy Community Development Agency approving the Recognized Obligation Payment Schedule. Voice vote found all in favor; passed and so order. Chair Sensibaugh absent.

6. STAFF UPDATE ON BOND REFUNDING - Robert Harmon, Senior Accountant, provided a presentation of the 2016 Tax Allocation Refunding Bonds. Mr. Harmon reviewed the recent trends in Municipal Bond Interest Rates, Interest Rate Comparison – Series 2003A and 2003B Bonds vs. 2016 Refunding Bonds, Annual Debt Service Savings, Net Present Value Savings, Distribution of Savings, Sources and Uses of Funds, Costs of Issuance and Final Interest Rate Scale.

Mr. Harmon introduced Steve Gortler who provided additional information regarding the 2016 Tax Allocation Refunding Bonds.

Board Member comments and questions followed.

The Oversight Board of the Successor Agency to the City of Tracy Community Development Agency accepted the report.

7. ITEMS FROM THE AUDIENCE - None
8. BOARD MEMBER ITEMS – None
9. ADJOURNMENT: It was moved by Board Member Khan and seconded by Board Member Thomas to adjourn at 3:46 p.m. Voice vote found Board Members Borwick, Khan, Thomas and Vice Chair Maciel in favor. Chair Sensibaugh absent.

Chair

Successor Agency Secretary

AGENDA ITEM 5

REQUEST

APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

EXECUTIVE SUMMARY

The City of Tracy has elected to act as the Successor Agency for the former City of Tracy Community Development Agency following the dissolution of redevelopment agencies by the California State Legislature in February 2012. The Recognized Obligation Payment Schedule (ROPS) lists the Enforceable Obligations proposed for payment by the Successor Agency for the period July 1, 2017, through June 30, 2018, as required by law. The Oversight Board is required to approve certain Successor Agency actions including the approval of the ROPS.

DISCUSSION

Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of Assembly Bill X1 26 and replaced them with successor agencies responsible for the wind-down of the former redevelopment agencies. The City of Tracy City Council elected to serve as the successor agency for the former City of Tracy Community Development Agency (CDA). ABX1 26 also redirected the tax increment funding previously received by the CDA to a Redevelopment Property Tax Trust Fund (RPTTF) held by the County.

The Successor Agency previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA including such items as required payments on existing bonds, bond trustee costs and other obligations. This EOPS, once recognized by the state, became the basis for the ROPS. Beginning in 2016, the law now requires that successor agencies adopt an annual ROPS that lists all enforceable obligations proposed for payment in the subsequent fiscal year. Funds once received by the CDA, now held in the RPTTF, are used to cover the ROPS. Any excess funds remaining in the RPTTF are then disbursed to the other taxing agencies (e.g. schools, special districts, city and county) who would have otherwise received the property taxes had the CDA not existed. Funds are disbursed on a pro-rata basis with the City of Tracy receiving approximately 17% of the remaining RPTTF. Attached is ROPS 17-18 for the period July 1, 2017, through June 30, 2018.

The table below summarizes the obligations and amounts of RPTTF requested for the ROPS period. The maximum administrative cost allowance (ACA) and associated expense is \$250,000 annually; however only actual administrative costs and expenses are reimbursable. The ACA request has been lowered to reflect the conclusion of legal proceedings and the wind-down of activities. Furthermore, all funding is subject to the availability of RPTTF funds during the ROPS period.

This ROPS also requests RPTTF funding for two additional obligations: (1) the recent conclusion of litigation between the Successor Agency and the Department of Finance in which the 3rd District Court of Appeals awarded the City \$911,495 in reimbursement for

City charges to the Downtown Plaza redevelopment project, and (2) the initial installment of the repayment of the Supplemental Education Revenue Augmentation Fund (SERAF) loan between the Successor Agency and the City of Tracy.

Description	Maturity	17-18A	17-18B	Total
2016 Tax Allocation Bonds – Principal	2033	1,385,000		1,385,000
2016 Tax Allocation Bonds – Interest	2033	1,477,950		1,477,950
2007 Bonds	2038	400,000		400,000
Debt Service Fees			6,000	6,000
DOF Litigation - 3rd District Ruling		911,495		911,495
Administrative Costs		75,000	75,000	150,000
SERAF Loan Repayment			1,054,915	1,054,915
Total RPTTF Request		4,249,445	1,135,915	5,385,360

Finally, this ROPS also includes a request to transfer \$2,126,315 in unspent bond proceeds from the Successor Agency to the City of Tracy. In 2008, and prior to the dissolution of the CDA, the agency had issued Lease Revenue bonds in conjunction with the City. The CDA's share of the bonds were to be used for projects and infrastructure within the redevelopment area. With the dissolution in 2012, these funds were frozen pending further action from the state legislature. In September 2015, the legislature passed SB107 which allowed the Successor Agency to utilize unspent bonds proceeds for their original purpose. With the completion of litigation with the State Department of Finance, these proceeds are now available to the Successor Agency. Additionally, bond covenants require that these funds be used expeditiously and for projects within the redevelopment area.

The Successor Agency desires to transfer these unspent bond proceeds to the City to enable the City to use them in a manner consistent with the original bond covenants and to undertake projects that were not previously funded and obligated by the Successor Agency to advance the City's community development goals. These projects within the former redevelopment area include but are not limited to: street, curb, gutter and sidewalk, and Americans with Disabilities Act (ADA) compliance improvements, wet utilities, pedestrian and bicycle paths, public parks or other public facilities consistent with the purposes for which the bonds were issued.

This transfer will require future approval by the Oversight Board, City of Tracy, the Successor Agency, and the Department of Finance; however, since the ROPS is an annual request, this serves as a placeholder pending further action. City and Successor Agency action is tentatively scheduled for March 7, 2017.

This ROPS was approved by the Successor Agency on January 17, 2017.

FISCAL IMPACT

There is no fiscal impact as a result of this staff report. Recognized obligations are paid from property tax revenue that previously was allocated to the Tracy Community Development Agency.

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving the Recognized Obligation Payment Schedule of the Successor Agency to the Tracy Community Development Agency for the period July 1, 2017 through June 30, 2018.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Martha Garcia, Interim Finance Director

Approved by: Troy Brown, Executive Director

ATTACHMENTS

Attachment A – ROPS 17-18

ATTACHMENT A

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency: Tracy
County: San Joaquin

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 2,126,315	\$ -	\$ 2,126,315
B Bond Proceeds	2,126,315	-	2,126,315
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 4,249,445	\$ 1,135,915	\$ 5,385,360
F RPTTF	4,174,445	1,060,915	5,235,360
G Administrative RPTTF	75,000	75,000	150,000
H Current Period Enforceable Obligations (A+E):	\$ 6,375,760	\$ 1,135,915	\$ 7,511,675

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) of the Health and Safety code, I
hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named successor
agency.

Paul Sensibaugh Chair
Name Title
/s/ 2/7/2017
Signature Date

ATTACHMENT A

Tracy Recognized Obligation Payment Schedule (ROPS 17-18) - ROPS Detail

July 1, 2017 through June 30, 2018

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R					V	W					
																	17-18A (July - December)							17-18B (January - June)				
																	Fund Sources							Fund Sources				
																	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee			Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 17-18 Total
5	2008 Lease Revenue Bonds	Bonds Issued On or Before	12/16/2008	12/1/2038	City of Tracy	Agency Share of City debt thru 2038		\$ 59,860,150	N	\$ 7,511,675	\$ 2,126,315	\$ -	\$ -	\$ 4,174,445	\$ 75,000	\$ 6,375,760	\$ -	\$ -	\$ -	\$ 1,060,915	\$ 75,000	\$ 1,135,915						
6	Successor Agency Admin Costs	Admin Costs	1/1/2013	6/30/2014	City of Tracy	Successor Agency Administration		8,400,000	N	\$ 400,000						\$ 400,000												
7	2003 Tax Alloc. Bonds A & B	Fees	12/1/2003	6/30/2014	BNY Mellon	Payee and trustee expenses		150,000	N	\$ 150,000						\$ 150,000												
9	SERAF	SERAF/SERAF	11/31/2012	12/31/2012	City of Tracy Housing	SERAF		2,803,520	N	\$ 1,054,915						\$ -				1,054,915	\$ -							
10	2016 TAB Refunding Bonds	Refunding Bonds Issued After	1/21/2016	8/1/2033	BNY Mellon	Debt Principle Thru 2033		31,960,000	N	\$ 1,385,000				1,385,000	\$ -	\$ 1,385,000					\$ -							
11	2016 TAB Refunding Bonds	Refunding Bonds Issued After	1/21/2016	8/1/2033	BNY Mellon	Debt Interest Thru 2033		13,472,800	N	\$ 1,477,950				1,477,950	\$ -	\$ 1,477,950					\$ -							
12	2016 TAB Refunding Bonds	Fees	1/21/2016	8/1/2013	BNY Mellon	Payee and trustee expenses		6,000	N	\$ 6,000					\$ -	\$ -				6,000	\$ 6,000							
13	DCP Litigation - 3rd District Ruling	Litigation	10/12/2016	10/12/2016	City of Tracy	Ruling by 3rd District Court		911,495	N	\$ 911,495				911,495	\$ -	\$ 911,495					\$ -							
14	Bond Spending Agreement	Bonds Issued On or Before	2/7/2016	2/7/2016	City of Tracy	Bond Spending Agreement		2,126,315	N	\$ 2,126,315	2,126,315				\$ -	\$ 2,126,315					\$ -							
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ATTACHMENT A

**Tracy Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, [see Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
Cash Balance Information by ROPS Period									
ROPS 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)	2,126,315					9,972		
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016					24,720	2,688,936		
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)						2,639,154		
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 15-16B RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 2,126,315	\$ -	\$ -	\$ -	\$ 24,720	\$ 59,754		

RESOLUTION OB2017-

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE

WHEREAS, The California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, In January 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Tracy (the "City Council") declared that the City of Tracy, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") to the dissolved Community Development Agency of the City of Tracy (the "Former CDA") effective February 1, 2012; and

WHEREAS, On February 1, 2012, the Former CDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, The Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, On August 1, 2011, the Former CDA adopted its latest enforceable obligation payment schedule (the "RDA EOPS") as required pursuant to Health and Safety Code Section 34169(g); and

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare a draft recognized obligation payment schedule (the "ROPS") and make associated notifications and distributions; and

WHEREAS, The ROPS must be approved by the Oversight Board pursuant to Health and Safety Code Sections 34177(l)(2)(B) and 34177(j); and

WHEREAS, All actions taken by the Oversight Board shall be adopted by Resolution pursuant to Health and Safety Code Section 34179(e); and

WHEREAS, The Successor Agency approved the ROPS 17-18 on January 17, 2017.

NOW, THEREFORE, BE IT RESOLVED, That the Oversight Board of the Successor Agency of the Tracy Community Development Agency does hereby approve the Recognized Obligation Payment Schedule (ROPS 17-18) for the period of July 1, 2017 through June 30, 2018.

ADOPTED, February 7, 2017 by the Oversight Board of the Successor Agency to the Tracy
Community Development Agency.

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair

ATTEST:

Successor Agency Secretary