

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Oversight Board to the Successor Agency of the City of Tracy Community Development Agency** is hereby called for:

Date/Time: Tuesday, September 19, 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 7, 2017, REGULAR MEETING MINUTES AND JULY 11, 2017 SPECIAL MEETING MINUTES
5. FOR THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY TO APPROVE AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 17-18B AND FIND THAT THE REVISION IS NECESSARY IN ORDER TO PAY ENFORCEABLE OBLIGATIONS
6. BOARD MEMBER ITEMS
7. ADJOURNMENT

Date Posted: September 13, 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 7, 2017, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

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

1. CALL TO ORDER – Chair Sensibaugh called the meeting to order at 3:30 p.m.
2. ROLL CALL - Roll call found Board Members Harb, Khan, Menge, Thomas and Chair Sensibaugh present. Board Members Rickman and Meeker 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 Thomas and seconded by Board Member Khan to approve the regular meeting minutes of February 2, 2016. Voice vote found Board Members Khan, Menge, Thomas and Chair Sensibaugh in favor. Board Member Harb abstained. Board Members Rickman and Meeker absent.
5. APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
Robert Harmon, Senior Accountant provided the staff report. 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 Successor Agency previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA including required payments on existing bonds, bond trustee costs and other obligations. The 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 Redevelopment Property Tax Trust Fund (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.

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. All funding is subject to the availability of RPTTF funds during the ROPS period.

The 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.

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

Board Member comments and questions followed.

Motion was made by Board Member Khan and seconded by Board Member Thomas to adopt Resolution OB2017-001, 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 Board Members Harb, Khan, Menge, Thomas and Chair Sensibaugh in favor; passed and so ordered. Board Members Rickman and Meeker absent.

6. ITEMS FROM THE AUDIENCE - None
7. BOARD MEMBER ITEMS – None
8. ADJOURNMENT: Motion was moved by Board Member Khan and seconded by Board Member Thomas to adjourn at 3:51 p.m. Voice vote found Board Members Harb, Khan, Menge, Thomas and Chair Sensibaugh in favor; passed and so ordered. Board Members Rickman and Meeker absent.

Chair

Successor Agency Secretary

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

SPECIAL MEETING MINUTES

July 11, 2017, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

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

1. CALL TO ORDER – Chair Sensibaugh called the meeting to order at 3:30 p.m.
2. ROLL CALL - Roll call found Board Members Anderson, Harb, Khan, Meeker and Chair Sensibaugh present. Board Members Rickman and Menge absent. Also present were Robert Harmon, Senior Accountant, and Adrienne Richardson, Recording Secretary.
3. ITEMS FROM THE AUDIENCE – None
4. APPROVAL OF MINUTES – Approval of the February 7, 2017, regular meeting minutes was moved to the next meeting.
5. ADOPT A RESOLUTION APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF TRACY AND THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY

Robert Harmon, Senior Accountant provided the staff report. The State of California dissolved Redevelopment Agencies on February 1, 2012. At the time of dissolution, there was \$2,126,315 in unspent bond proceeds from bonds issued by the CDA. These unspent bond funds, along with other assets, had been transferred to the City of Tracy; however, in April 2013, the California Department of Finance (DOF) ordered these assets returned to the Successor Agency to the Community Development Agency of the City of Tracy (Successor Agency). Under the provisions of AB 1484 (2012), these funds were frozen until the Successor Agency received a Finding of Completion from the DOF; which was received in December 2015. Since the Successor Agency lacks the resources to perform capital improvement projects, the transfer of these funds to the City will allow infrastructure and/or capital improvements projects to be carried out for the benefit of the former redevelopment project area in the most efficient and expedient manner. This agreement was approved by the City of Tracy and the Successor Agency on June 20, 2017. The Oversight Board is required to review all actions taken by the Successor Agency.

Board Member comments and questions followed.

Motion was made by Board Member Anderson and seconded by Board Member Harb to adopt Resolution OB2017-002, a Resolution of the Oversight Board of the Successor Agency to the Tracy Community Development Agency approving the Bond Proceeds Expenditure Agreement between the City of Tracy and the Successor Agency to the Community Development Agency of the City of Tracy. Voice vote found Board Members Anderson, Harb, Khan, Meeker, and Chair Sensibaugh in favor; passed and so ordered. Board Members Rickman and Menge absent.

6. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE SUCCESSOR AGENCY'S REPAYMENT OF A SERAF LOAN OWED TO THE CITY'S LOW AND MODERATE INCOME HOUSING FUND IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34171 (d)(1)(G)

Robert Harmon, Senior Accountant provided the staff report. The City of Tracy has elected to act as the Successor Agency for the former Community Development Agency of the City of Tracy (CDA) following the dissolution of redevelopment agencies by the California State Legislature in February 2012. The City has also elected to act as the Housing Successor and thereby receiving the Low and Moderate Housing Fund assets. During FY2009-10, the Low and Moderate Income Housing Fund (LMIHF) loaned the CDA \$2,803,520 to make special Supplemental Educational Revenue Augmentation Fund (SERAF) payments to the state. Repayment of this loan has been frozen until the Successor Agency completed certain requirements in December 2015 and concluded litigation in 2016. These funds are now eligible for repayment subject to a specific formula, available funding and approval of the annual Recognized Payment Obligation Schedule (ROPS).

Board Member comments and questions followed.

Motion was made by Board Member Khan and seconded by Board Member Meeker to adopt Resolution OB2017-003, a Resolution of the Oversight Board of the Successor Agency to the Community Development Agency of the City of Tracy approving the Successor Agency's repayment of a SERAF Loan owed to the Housing Successor's Low and Moderate Income Housing Fund in accordance with Health and Safety Code Section 34171 (d)(1)(G). Voice vote found Board Members Anderson, Harb, Khan, Meeker, and Chair Sensibaugh in favor; passed and so ordered. Board Members Rickman and Menge absent.

7. BOARD MEMBER ITEMS

Chair Sensibaugh invited new Board Members Anderson and Meeker to introduce themselves and provide a brief description of their background.

8. ADJOURNMENT: Motion was moved by Board Member Harb and seconded by Board Member Meeker to adjourn at 3:55 p.m. Voice vote found Board Members Anderson, Harb, Khan, Meeker, and Chair Sensibaugh in favor; passed and so ordered. Board Members Rickman and Menge absent.

Chair

Successor Agency Secretary

AGENDA ITEM 5

REQUEST

FOR THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY TO APPROVE AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 17-18B AND FIND THAT THE REVISION IS NECESSARY IN ORDER TO PAY ENFORCEABLE OBLIGATIONS

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 attached Amended Recognized Obligation Payment Schedule (ROPS) includes funding for the repayment of the Agency's Supplemental Education Revenue Augmentation Fund (SERAF) loan between the Successor Agency and the City of Tracy. ROPS schedules may be amended once per fiscal year no later than October 1st. This amendment is necessary in order to get funding approved during FY17-18 for repayment of the SERAF obligation. Any payments received are then passed along to the City's Low-Moderate Income Housing Fund.

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 (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. Among these obligations is the Supplemental Education Revenue Augmentation Fund (SERAF) loan between the Successor Agency and the City of Tracy.

A law signed by the Governor in July 2009, shifted redevelopment money to SERAF for payment to K-12 schools. Severe penalties were in place for non-payment. Since the CDA did not have the cash to make these payments, in FY09-10, they borrowed from the Low and Moderate Income Housing Fund (LMIHF) with plans to repay the loan in the following years.

In February 2012, The City elected to serve as the Housing Successor; therefore all LMIHF assets, including the outstanding SERAF loan receivable from the CDA, were transferred to the City. This loan became eligible for repayment in FY17-18 with the approval of a repayment schedule by the California Department of Finance (DOF);

however, in order to receive funding, this obligation must be listed on the ROPS and approved by both the Oversight Board and the DOF. Any funding approved is contingent upon funds being available in the RPTTF. The approved payment schedule is follows:

FY17-18	\$ 1,054,915
FY18-19	\$ 1,054,915
FY19-20	\$ 693,690

Initial SERAF funding was included on the original ROPS 17-18 request; however it was denied by the DOF since the repayment agreement had not been approved by the DOF. HSC §34177.7 (o)(1)(E) allows the Successor Agency to submit one amendment to the ROPS where the Oversight Board makes a finding that a revision is necessary to pay Enforceable Obligations.

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving the Amended Recognized Obligation Payment Schedule of the former Tracy Community Development Agency for the period January 1, 2018, through June 30, 2018 and find that revision is necessary in order to pay Enforceable Obligations.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Karin Schnaider, Finance Director
Bill Sartor, Successor Agency Counsel
Stephanie Garrabrant-Sierra, Assistant City Manager

Approved by: Troy Brown, Executive Director

ATTACHMENTS

Attachment A – Amended ROPS 17-18B

ATTACHMENT A

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

Filed for the January 1, 2018 through June 30, 2018 Period

Successor Agency: Tracy
 County: San Joaquin

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 17-18B Authorized Amounts	ROPS 17-18B Requested Adjustments	ROPS 17-18B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 77,000	\$ 1,054,915	\$ 1,131,915
F RPTTF	2,000	1,054,915	1,056,915
G Administrative RPTTF	75,000	-	75,000
H Current Period Enforceable Obligations (A+E):	\$ 77,000	\$ 1,054,915	\$ 1,131,915

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.

 Name Title
 /s/ _____
 Signature Date

RESOLUTION OB2017-

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 17-18B AND FINDING THAT THE REVISION IS NECESSARY IN ORDER TO PAY ENFORCEABLE OBLIGATIONS

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, Health and Safety Code Section 34177.7 (o)(1) requires the Successor Agency to submit an Annual Recognized Obligation Payment Schedule (the "ROPS") and make associated notifications and distributions; and

WHEREAS, Health and Safety Code Section 34177.7 (o)(1)(E) allows the Successor Agency to submit one amendment to the Annual ROPS no later than October 1st; and

WHEREAS, The ROPS, and any amendment to 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 Amended ROPS 17-18B on September 5, 2017; and

WHEREAS, The Successor Agency found that a revision to the ROPS was necessary in order for the agency to meet its enforceable obligations;

NOW, THEREFORE, BE IT RESOLVED, That the Oversight Board of the Successor Agency of the Tracy Community Development Agency does hereby approve the Amended Recognized Obligation Payment Schedule (ROPS 17-18B) which contains as the sole amendment, the repayment of the Supplemental Educational Revenue Augmentation Fund (SERAF) loan; and

BE IT FURTHER RESOLVED, That the Oversight Board of the Successor Agency, finds that amending the ROPS is necessary for the payment of approved enforceable obligations.

ADOPTED, September 19, 2017 by the Oversight Board of the Successor Agency to the Tracy Community Development Agency.

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair

ATTEST:

Successor Agency Secretary