

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, March 3 2015, 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 2015-012 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 MINUTES
5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
6. ITEMS FROM THE AUDIENCE
7. ADJOURNMENT

Date Posted: February 26, 2015

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

September 2, 2014, 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 Chair Sensibaugh, Board Members Borwick, Maciel, Foley, and Khan present; Board Members Miller and Puentes-Griffith 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 Maciel and seconded by Board Member Borwick to approve the regular meeting minutes of February 4, 2014. Voice vote found all in favor; passed and so ordered.
5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY 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 ABX1 26 and replaced them with successor agencies. The Tracy City Council elected to serve as the successor agency for the former City of Tracy Community Development Agency (CDA). The City Council previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA. The law now requires that successor agencies adopt a Recognized Obligation Payment Schedule (ROPS) twice a year listing all enforceable obligations proposed for payment and the Oversight Board approve the ROPS. The ROPS schedule attached to the staff report is for the period January 1, 2015, through June 30, 2015, and lists the Enforceable Obligations in a format prescribed by the state Department of Finance (DOF).

The ROPS 14-15B was approved by resolution of the Successor Agency on August 19, 2014.

The request includes the minimum \$125,000 allowed for Successor Agency administration costs reduced by \$1,100 in prior period adjustments for unspent funds. Any unspent administrative cost allowance is now used to offset future requests. The remaining \$2,548,993 is for outstanding debt obligations of the former CDA including \$1,540,522 for 2003 Tax Allocation Bond A payments, \$996,471 for 2003 Tax Allocation Bond B payments, and \$12,000 for bond trustee expenses. These bond payments will continue through 2034 for the Tax Allocation Bonds and 2038 for the Lease Revenue Bonds.

There is no fiscal impact. Recognized obligations are paid from property tax revenue previously allocated to the City of Tracy CDA.

Staff recommended that the Oversight Board adopt a resolution approving the Recognized Obligation Payment Schedule 14-15B of the former Tracy Community Development Agency for the period January 1, 2015, through June 30, 2015.

Chair Sensibaugh stated he did not recall seeing the custodial item on the ROPS previously. Mr. Harmon responded Custodial shows up on every other ROPS as it is paid annually. The custodian handles the bond residuals and the bond set asides and these fees run between \$9,000 and \$11,000 a year, so \$12,000 was budgeted. The amounts are reconciled 12 months after the fact and anything that is left over reduces the next ROPS. The Supplemental Educational Revenue Augmentation Fund (SERAF) is one item shown on the ROPS that has not been there in the past. The SERAF is a loan that was made from the CDA to the State.

Chair Sensibaugh asked if the SERAF loan was redevelopment. Mr. Harmon responded redevelopment advanced funds to the State.

Board Member Borwick responded the Low-Moderate Income Housing Fund (LMIHF) lent money to the regular CDA fund because the CDA Fund did not have money. This was how most RDA's handled it. Once repaid, these funds will be returned to the LMIHF.

Mr. Harmon stated the Low-Mod Incoming Housing Fund loaned money to the CDA in order for CDA to make the debt service payments. The Dept of Finance won't allow scheduled repayment until a Finding of Completion is received. Following a Finding of Completion, staff will go through a calculation, create a payment schedule and bring it back to the Oversight Board to show how that obligation will be repaid. The DOF will only authorize payment if there are sufficient funds in the RPTTF, and then only according to the OB approved payment schedule. Mr. Harmon further stated he listed the item on the ROPS in preparation of the issue being resolved in approximately one year.

Chair Sensibaugh asked if Mr. Harmon was referring to the \$12,000. Mr. Harmon responded no it is the \$2,803.520.00 amount. The State previously advised not to list the SERAF on the ROPS but now the State is requesting it be listed.

Board Member Maciel asked for confirmation that the change to the reporting of the SERAF was at the request of the State. Mr. Harmon responded yes.

Board Member Maciel asked if prior to that, the State did not want it listed. Mr. Harmon confirmed it was not previously listed and the State sent a letter stating the item can now be listed.

It was moved by Board Member Maciel and seconded by Board Member Borwick to adopt Resolution OB2014-002, a Resolution of the Oversight Board of the Successor Agency of the Tracy Community Development Agency approving the Recognized Obligation Schedule (ROPS) of the Tracy Community Development Agency. Voice vote found all in favor; passed and so ordered.

6. UPDATE ON LITIGATION WITH DEPARTMENT OF FINANCE – Dan Sodergren, City Attorney, provided the update. The City of Tracy and the Successor Agency filed a challenge to the final determination from the State Department of Finance (DOF) directing the Successor Agency to submit \$2.3 million for distribution to other tax agencies. This money was previously committed through third party contracts for the Downtown Plaza projects and the Westside Market purchase. The City recently received the Order from the Superior Court denying the petition. Mr. Sodergren stated he will be taking a request to City Council and the Successor Agency on September 2, 2014, requesting direction on whether to file an appeal on the case. Mr. Sodergren provided background on the case. Mr. Sodergren stated he could provide copies of the Superior Court's judgment to the board members.

Chair Sensibaugh asked when the litigation is complete would there be any action required by the Oversight Board to the Successor Agency for the Community Development Agency. Mr. Sodergren responded not by the Board. The issue will not be resolved for at approximately a year.

7. UPDATE ON STATE CONTROLLER'S OFFICE AUDIT – Robert Harmon, Senior Accountant, provided the update. Under AB X1 26, the State Controller's office was required to perform an audit of all the transactions and property transfers during the period of February 1 through June 30, 2011. The State Controller's office performed the audit. The State Controller's Office did not find anything wrong or that they disagreed with, with the exception of what is already in litigation. Mr. Harmon added the audit reports are being delayed for Redevelopment Agencies that are in litigation. The State Controller's Office indicated the report will be delivered once the judge has issued his opinion.

Chair Sensibaugh asked if the audit was charged to the City. Mr. Harmon responded no. The State Controller's Office performs audits at the City several times a year and there is never a charge.

8. ITEMS FROM THE AUDIENCE – Tracy resident Robert Tanner asked if the Agency is obligated to pay back to the City the \$10 million bond obligation shown on the Recognized Obligation Payment Schedule Detail (ROPS). Robert Harmon, Senior Accountant responded the \$10 million is the outstanding debt amount. The Successor Agency makes annual payments of \$400,000 and there is 20 years remaining. The \$400,000 payment shows up on every other ROPS. This represents the CDA's share of jointly issued bonds.
9. ADJOURNMENT - It was moved by Board Member Maciel and seconded by Board Member Khan to adjourn at 3:47 p.m. Voice vote found all in favor; passed and so ordered.

Chair

Successor Agency Secretary

AGENDA ITEM 5

REQUEST

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING 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 attached Recognized Obligation Payment Schedule lists the Enforceable Obligations proposed for payment by the Successor Agency for the period July 1, 2015, through December 31, 2015, as required by law. The Oversight Board is required to approve certain Successor Agency actions including approval of the Recognized Obligation Payment Schedule.

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 Recognized Obligation Payment Schedule (ROPS). The law now requires that successor agencies adopt a ROPS twice a year that lists all enforceable obligations proposed for payment in the subsequent six-month period and the Oversight Board approve the ROPS. 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. Attached is ROPS 15-16A for the period July 1, 2015, through December 31, 2015.

This action will approve Recognized Obligation Payment Schedule 15-16A; which lists the various obligations of the former CDA which require payment between July 1, 2015, through December 31, 2015. The ROPS 15-16A was approved by resolution of the Successor Agency on February 17, 2015.

In summary, of the \$1,671,231 in enforceable obligations for this six-month period, \$1,546,231 is for outstanding debt obligations and fees of the former CDA including \$637,822 for 2003 Tax Allocation Bond A payments, \$508,409 for 2003 Tax Allocation Bond B payments, and \$400,000 for 2008 Lease Revenue Bond obligation. These bond payments will continue through 2034 for the Tax Allocation Bonds and 2038 for the Lease Revenue Bonds. The maximum allowable reimbursement for administrative costs and associated expenses is \$250,000, even though actual costs may exceed that amount. Half of this amount is identified on each ROPS and will be funded with cash through the RPTTF funds. Unspent current period administrative costs are recovered by the RPTTF in future ROPS periods. In the last two ROPS approvals, the Department of Finance has denied RPTTF funding for administrative costs and instead directed that administrative costs be funded through cash available in the Successor Agency fund rather than allotting cash from the RPTTF.

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 former Tracy Community Development Agency for the period July 1, 2015, through December 31, 2015.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Ray Durant, Interim Administrative Services Director

Approved by: Troy Brown, Executive Director

ATTACHMENTS

Attachment A – ROPS 15-16A

Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: Tracy
Name of County: San Joaquin

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding		
A Sources (B+C+D):		\$ -
B Bond Proceeds Funding (ROPS Detail)		-
C Reserve Balance Funding (ROPS Detail)		-
D Other Funding (ROPS Detail)		-
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 1,671,231
F Non-Administrative Costs (ROPS Detail)		1,546,231
G Administrative Costs (ROPS Detail)		125,000
H Current Period Enforceable Obligations (A+E):		\$ 1,671,231

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I Enforceable Obligations funded with RPTTF (E):		1,671,231
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)		-
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 1,671,231

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L Enforceable Obligations funded with RPTTF (E):		1,671,231
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)		-
N Adjusted Current Period RPTTF Requested Funding (L-M)		1,671,231

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (m) 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 agency.

Paul Sensibaugh Chair
Name Title
/s/ _____ 3/3/2015
Signature Date

ATTACHMENT A

Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), 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 https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

A	B	C	D	E	F	G	H	I
		Fund Sources						
		Bond Proceeds		Reserve Balance		Other	RPTTF	
	Cash Balance Information by ROPS Period	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
ROPS 14-15A Actuals (07/01/14 - 12/31/14)								
1	Beginning Available Cash Balance (Actual 07/01/14)	3,563,795		2,167,122			1,751,293	
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	12,838						
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q			74,074			1,576,993	
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S			No entry required			-	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 3,576,633	\$ -	\$ 2,093,048	\$ -	\$ -	\$ 174,300	
ROPS 14-15B Estimate (01/01/15 - 06/30/15)								
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 3,576,633	\$ -	\$ 2,093,048	\$ -	\$ -	\$ 174,300	
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015			2,521,782				
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)			2,521,782			125,000	
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ 3,576,633	\$ -	\$ 2,093,048	\$ -	\$ -	\$ 49,300	

RESOLUTION _____

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE TRACY COMMUNITY DEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) OF THE TRACY COMMUNITY DEVELOPMENT AGENCY

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") for 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 15-16A on February 17, 2015.

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 15-16A) for the period of July 1, 2015, through December 31, 2015.

Resolution _____

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ADOPTED, March 3, 2015 by the Oversight Board of the Successor Agency of the Tracy Community Development Agency.

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair

ATTEST:

Successor Agency Secretary