

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 4, 2014, 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 2008-140 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. LITIGATION UPDATE (Successor Agency v. Matosantos)
7. DISCUSSION ON FUTURE MEETING DATES
8. ITEMS FROM THE AUDIENCE
9. ADJOURNMENT

Date Posted: January 30, 2014

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

Tuesday, September 3, 2013, 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, Vice Chair Maciel, Board Members Borwick, Khan, Puentes-Griffith, and Thomas present; Board Member Miller absent.

3. ITEMS FROM THE AUDIENCE

None

4. APPROVAL OF MINUTES

It was moved by Vice Chair Maciel and seconded by Board Member Borwick to approve the April 2, 2013 minutes by resolution. Board Member Khan abstained. Board members Borwick, Maciel, Puentes-Griffith, Thomas, and Chair Sensibaugh in favor, none opposed. Minutes approved.

5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS)

Mr. Harmon provided a staff reported to the board. Mr. Harmon explained that this item is to approve, through resolution, the ROPS approved at the Tracy City Council meeting on August 20, 2013.

Mr. Harmon mentioned that administrative expenses are still being requested at \$125,000. However, staff expenses have decreased and he anticipates administrative costs to decrease as well.

Mr. Harmon stated anticipating some legal expenses of approximately \$75,000 to \$100,000 within the next six months. He notes that what is not used will carry over and will be applied to future expenses. It takes approximately 12 months to reconcile actual administrative costs to requested administrative allocation due to the State process.

Board Member Thomas asked Mr. Harmon to explain again what is allocated to the City.

Mr. Harmon explained that there is \$250,000 in administrative expenses allowed annually. The City is not required to use the entire amount, but the State requires the

City to request an allocation. Mr. Harmon mentioned that the City is in the process of analyzing the allocation requests due to the decrease in administrative tasks.

Chair Sensibaugh asked Mr. Harmon if the \$250,000 is a cap, to which Mr. Harmon responded that the cap is 2% of obligations with a minimum of \$125,000 per ROPS period, but there must be enforceable obligations.

Board Member Khan mentioned that not every agency is in litigation with the State and asked Mr. Harmon to explain further the expected legal expenses.

Mr. Harmon stated that the State denied most of the items on the City's Other Funds Due Diligence Review, including funding granted to the City for the redevelopment of the Downtown Plaza. After a meet and confer session, the State continued to deny the \$4.4million grant for the Downtown Plaza project. The Successor Agency filed suit against the Department of Finance in August. Mr. Harmon mentioned that from this point, it becomes very expensive for all involved as the parties move through the process. The City's legal staff feels the City did everything properly.

This litigation, however, is separate from the other agencies. Mr. Harmon mentioned that the last he heard there were 89 agencies' lawsuits against the Department of Finance regarding the Due Diligence Review.

Mr. Harmon stated that of the \$4.4 million for the redevelopment of the Downtown Plaza which the State is requiring to be returned, \$2.2 million would be unspent bond funds that would remain with the Successor Agency.

Board Member Khan asked if the Department of Finance can withhold state funding to the City.

Mr. Harmon mentioned the Department of Finance does have the authority to withhold funding under the Redevelopment Act; however, this is also being litigated. Mr. Harmon stated that to his knowledge, the Department of Finance has not yet exercised that authority and withheld funding from any City.

Chair Sensibaugh mentioned that the Successor Agency has a roll in the process and will need to be careful when proceeding. He stated the Successor Agency will need to confer with its attorney.

Mr. Harmon stated the Department of Finance has established a very rigid system in which they perform the review, they make the determination, and they handle the appeals. If an appeal is denied, they have the authority to direct the auditor to withhold funding. Mr. Harmon also mentioned there is no appeal process beyond the meet and confer, and analysts are unavailable to discuss the process. Litigation is the only remaining recourse for the City.

Chair Sensibaugh acknowledges the process is complicated and appreciates Mr. Harmon's efforts.

Mr. Harmon mentioned that the City held a meet and confer regarding the \$400,000 ROPS obligation that was denied by the Department of Finance. The City had a meet and confer session with the Department of Finance, to which they came back and said they were not making a decision. The last ROPS again had the \$400,000 annual payment included and it was approved by the Department.

Chair Sensibaugh stated that for future agenda's, we should place a routine item on the agenda to keep the board up to date.

It was moved by Vice Chair Maciel and seconded by Board Member Khan to approve a resolution approving the Recognized Obligation Payment Schedule of the Tracy Community Development Agency. All Board Members in favor. Board Member Miller absent. Resolution approved.

6. ITEMS FROM THE AUDIENCE

None.

7. BOARD MEMBER ITEMS

None.

8. ADJOURNMENT

It was moved by Vice Chair Maciel and seconded by Board Member Khan to adjourn.

Time 3:50 p.m.

Chair

Successor Agency Secretary

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

REGULAR MEETING MINUTES

Tuesday, November 5, 2013, 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, Thomas, Miller, and Khan present; Board Member Puentes-Griffith absent. Also present were Robert Harmon, Senior Accountant, Dan Sodergren, City Attorney and Jan Couturier, Recording Secretary.

3. ITEMS FROM THE AUDIENCE - None

4. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

Chair Sensibaugh called for a staff report. Robert Harmon, Senior Accountant, presented the revised Recognized Obligation Payment Schedule (ROPS) 13-14B which was originally approved by the Oversight Board in August. He advised that, due to a new system which had recently been introduced by the State of California, the report of fund balances was rejected and a complete re-submission was required. He further commented that the only change to the report was more updated information which included actual expenses in fund balances which decreased the request by \$8,460. He advised that staff requested the board's approval of the ROPS Schedule and approve the resolution. Mr. Harmon indicated this rejection is not unusual.

Chair Sensibaugh requested clarification on the date of approval indicated in the report. Mr. Harmon clarified that City Council approved in August acting on behalf of the Successor Agency. Chair Sensibaugh then asked about the amounts due. Mr. Harmon advised the amount requested in the ROPS was \$2,634,884.

Chair Sensibaugh asked the board if there were any further questions; seeing none, he requested a motion. Board Member Maciel moved that the Oversight Board approve the revised Recognized Obligation Payment Schedule 13-14B. The motion was seconded by Board Member Thomas. All in favor; none opposed.

5. LITIGATION UPDATE

Dan Sodergren, City Attorney, provided the Successor Agency Litigation staff report. He indicated that every Successor Agency must conduct a Due Diligence Review (DDR) through a licensed accountant, which the City has done. He provided a summary of the issues in the staff report stating that the Department of Finance (DOF) originally denied

most items in the DDR and subsequently, the City had a Meet & Confer meeting with the DOF to review the city's position. The City's M&C request was denied. He indicated that in response to that denial, the Successor Agency filed suit against the DOF and he provided specifics. He further advised there are a number of these types of cases statewide, all of which will go through the courts in Sacramento. He mentioned that the City of Tracy's court date would be in July of 2014.

Board Member Maciel asked if the final date for use of funds was originally June 30, 2012. Sodergren said that was the date. Maciel asked if the City was committed to using the funds prior to that date to assure compliance? Mr. Sodergren said that was correct.

Chair Sensibaugh advised that on behalf of the board, he contacted attorney Betsy Straus as he had been requested to do. He then asked if the assets would need to be liquidated to pay these fees and Mr. Sodergren indicated that the state could begin withholding sales tax if the City does not pay the monies. The City of Tracy is looking into whether this is legal for the state to do. If it is deemed illegal, the state would have to pay the amounts back with penalties.

In regards to liquidating assets, Mr. Harmon advised that because the improvements that were made were as a result of a grant, the City entered into the agreement therefore this is considered City of Tracy property. These are not redevelopment assets and cannot be liquidated.

Board Member Maciel asked which court had jurisdiction and City Attorney Sodergren advised it was Sacramento Superior Court.

Mr. Harmon commented about how this related to future actions on redevelopment agency owned properties and that these assets would be dealt with through the Property Management Plan. But he added that the City would need a Finding of Completion from the DOF before the Property Management Plan can be completed and submitted to the DOF.

Chair Sensibaugh asked that updates continue to be provided at future meetings.

6. ITEMS FROM THE AUDIENCE None
7. BOARD MEMBER ITEMS None
8. ADJOURNMENT

Board Member Maciel moved to adjourn at 3:51 p.m.

Chair

Successor Agency Secretary

February 4, 2014

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, 2014, through December 31, 2014, as required by law. The Oversight Board is required to approve certain Successor Agency actions including approval of the Recognized Obligation Payment Schedule.

In summary, of the \$1,694,231 being requested for this six-month period, approximately \$117,238 is for estimated administrative costs associated with the administration of the Successor Agency. The remaining \$1,576,993 is for outstanding debt obligations of the former CDA including \$1,176,993 for 2003 Tax Allocation Bond payments maturing in 2034, and the remaining \$400,000 is for an annual 2008 Lease Revenue Bond payment maturing in 2038.

DISCUSSION

Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of ABX1 26 and replaced them with successor agencies. The City of 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. Attached is the ROPS for the period July 1, 2014, through December 31, 2014. The attached ROPS schedule lists the Enforceable Obligations in a new format prescribed by the state Department of Finance (DOF).

This action will approve Recognized Obligation Payment Schedule 14-15A; which lists the various obligations of the former CDA which require payment between July 1, 2014, and December 31, 2014. The ROPS 14-15A will be presented for approval by resolution of the Successor Agency on February 4, 2014.

The state DOF, once again, revised the forms used for submission of the ROPS in January 2014 and they were received by the Successor Agency on January 16, 2014. Due to notification requirements of the Brown Act Open Meeting Law, the earliest that

the ROPS can be presented to the Successor Agency is February 4, 2014, following the meeting of the Oversight Board.

This request includes the minimum \$125,000 allowed for Successor Agency administration costs reduced by \$7,762 in prior period adjustments for unspent funds. Any unspent administrative cost allowance is now used to offset future requests. The remaining \$1,576,993 is for outstanding debt obligations of the former CDA including \$655,522 for 2003 Tax Allocation Bond A payments, \$521,471 for 2003 Tax Allocation Bond B payments, and \$400,000 is for a 2008 Lease Revenue Bond obligation. These bond payments will continue through 2034 for the Tax Allocation Bonds and 2038 for the Lease Revenue Bonds.

FISCAL IMPACT

There is no fiscal impact as a result of this staff report. Recognized obligations are paid from property tax revenue previously allocated to the City of Tracy CDA.

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, 2014, through December 31, 2014, contingent upon approval by the Successor Agency.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Jenny Haruyama, Administrative Services Director
Maria A. Hurtado, Assistant City Manager

Approved by: Leon Churchill, Jr., City Manager

ATTACHMENTS

Attachment A – ROPS 14-15A

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 14-15A on February 4, 2014.

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 14-15A) for the period of July 1, 2014, through December 31, 2014.

ADOPTED, February 4, 2014 by the Oversight Board of the Successor Agency of the Tracy Community Development Agency.

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair

ATTEST:

Successor Agency Secretary

Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary

Filed for the July 1, 2014 through December 31, 2014 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):		\$ 1,701,993
F Non-Administrative Costs (ROPS Detail)		1,576,993
G Administrative Costs (ROPS Detail)		125,000
H Current Period Enforceable Obligations (A+E):		\$ 1,701,993

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I Enforceable Obligations funded with RPTTF (E):		1,701,993
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)		(7,762)
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 1,694,231

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L Enforceable Obligations funded with RPTTF (E):		1,701,993
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)		-
N Adjusted Current Period RPTTF Requested Funding (L-M)		1,701,993

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.

Name Title
/s/ _____
Signature Date

ATTACHMENT A

Recognized Obligation Payment Schedule (ROPS) 14-15A - 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.									
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 balances retained	Prior ROPS RPTTF distributed as reserve for next bond payment	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 13-14A Actuals (07/01/13 - 12/31/13)									
1	Beginning Available Cash Balance (Actual 07/01/13) Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs)	3,733,628	-	2,378,129	-	-	1,737,487	Col E - includes \$2,251,467 from OFA DDR being held subject to City of Tracy CDA v Matosantos, et.al.	
2	Revenue/Income (Actual 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013	15,140		-			1,733,144		
3	Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13) Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report of PPAs						1,723,382		
4	Retention of Available Cash Balance (Actual 12/31/13) Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A	3,748,768		2,406,467				Col A - Restricted by indenture, with fiscal agent; Col E - includes \$2,281,467 from OFA DDR being held subject to City of Tracy CDA v Matosantos, et.al. & \$125,000 from M&C.	
5	ROPS 13-14A RPTTF Prior Period Adjustment Note that the RPTTF amount should tie to column S in the Report of PPAs.			No entry required			7,762		
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ -	\$ (28,338)	\$ -	\$ -	\$ 1,739,487		
ROPS 13-14B Estimate (01/01/14 - 06/30/14)									
7	Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 3,748,768	\$ -	\$ 2,378,129	\$ -	\$ -	\$ 1,747,249		
8	Revenue/Income (Estimate 06/30/14) Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014						2,582,969		
9	Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14)						2,643,144		
10	Retention of Available Cash Balance (Estimate 06/30/14) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B	3,748,768		2,406,467				Col A - Restricted by indenture, with fiscal agent; Col E - includes \$2,281,467 from OFA DDR being held subject to City of Tracy CDA v Matosantos, et.al. & \$125,000 from M&C.	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 0	\$ -	\$ (28,338)	\$ -	\$ -	\$ 1,687,074		

