

**Oversight Board to the Successor Agency
to the former
Lemon Grove Community Development Agency**

**Tuesday, January 31, 2017 5:30 p.m.
Lemon Grove City Hall
Conference Room
3232 Main Street, Lemon Grove CA**

BOARD AGENDA

Call to Order

Public Comment

(Note: In accordance with State Law, the general public may bring forward an item not scheduled on the agenda; however, the Oversight Board may not take any action at this meeting. If appropriate, the item will be placed on a future agenda.)

1. Recognized Obligation Payment Schedule (July 1, 2017– June 30, 2018)

The Oversight Board will consider approving the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2017 through June 30, 2018 (ROPS 2017-18).

Recommendation: Adopt Resolution

Reference: Gilbert Rojas, Interim Finance Director

2. Approval of Debt Service Schedule for City Loan (\$3,654,461)

The Oversight Board will consider a resolution adopting a debt service schedule for the repayment of city cash flow loans.

Recommendation: Adopt Resolution

Reference: Gilbert Rojas, Interim Finance Director

Staff Comments

Board Comments

Adjournment

In compliance with the Americans with Disabilities Act (ADA), special accommodations for persons who require assistance to access, attend and/or participate in meetings of the Oversight Board will be provided. If you require such assistance, please contact the Lemon Grove City Clerk at (619) 825-3800 at least five days prior to the scheduled meetings. A full agenda packet is available for public review at City Hall.

**OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE
FORMER LEMON GROVE COMMUNITY DEVELOPMENT AGENCY
AGENDA ITEM SUMMARY**

Item No. 1

Mtg. Date January 31, 2017

Dept. Finance

Item Title: **Recognized Obligation Payment Schedule (July 1, 2017– June 30, 2018)**

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Approve the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2017 through June 30, 2018 (ROPS 2017-18).

Item Summary:

The purpose of this agenda item is to present the ROPS 2017-18 for approval by the Oversight Board for Successor Agency to the Lemon Grove Community Development Agency.

Fiscal Impact:

None.

Environmental Review:

Not subject to review

Negative Declaration

Categorical Exemption, Section

Mitigated Negative Declaration

Public Information:

None

Newsletter article

Notice to property owners within 300 ft.

Notice published in local newspaper

Neighborhood meeting

Attachments:

A. Staff Report

B. Resolution No. 2017-01

C. Recognized Obligation Payment Schedule (July 1, 2017– June 30, 2018)

LEMON GROVE SUCCESSOR AGENCY STAFF REPORT

Item No. 1

Mtg. Date January 17, 2017

Item Title: **Recognized Obligation Payment Schedule (July 1, 2017 – June 30, 2018)**

Staff Contact: Gilbert Rojas, Interim Finance Director

Discussion:

The State requires all Successor Agency Oversight Boards to approve the Recognized Obligation Payment Schedule for the period of July 1, 2017 to June 30, 2018 (ROPS 2017-18) by February 1, 2017. In order to meet that deadline, the Lemon Grove Successor Agency Board approved and forwarded the ROPS 2017-18 to the Oversight Board for consideration prior to the February 1st deadline. The Oversight Board will consider adopting a resolution approving the ROPS 2017-18 and authorizing Successor Agency staff to submit the document to the County of San Diego, the State of California Department of Finance, and the State Controller's Office for review and approval. The purpose of this agenda item is to present the ROPS 2017-18, for consideration.

The ROPS 2017-18 document includes the following:

- A summary detailing the amount requested;
- ROPS detail for the period July 1-June 30, 2018;
- Cash balances information; and
- A notes page.

Overall, the ROPS identifies a total of \$2,815,084 in expenditures between July 1, 2017 and June 30, 2018.

The following subsections provide information about the expenditures identified in the ROPS 2017-18.

Bond Debt Service (line 2, 3 & 34)

- During the ROPS 2017-18 period, debt service payments are due for the 2007, 2010, and 2014 Tax Allocation Bonds. The payment of \$1,749,219 will be made from the RPTTF and the reserves funded by prior year RPTTF.

Miscellaneous

In addition, the following items are identified in the ROPS 2017-18:

- (Line 14) Administrative Allowance (\$250,000) – this reflects staff time and other administrative costs in administering the Successor Agency and is paid from RPTTF monies on a hierarchy basis.
- (Line 16) City Loan (\$3,654,461) – this is an accumulation of cash flow loans made to the Redevelopment Agency since its inception. The City and State were in disagreement over the repayment of a portion of the loan in 2012. The City eventually paid back the State in December 2015. This allowed the City to submit the loans for repayment in the ROPS process. The Department of Finance has not reviewed the City's documentation for this loan and a successful State review will depend on the detailed documentation that the City can produce.

Attachment A

- (Line 18) City Side Fund (\$11,378) – this represents the remaining balance of the former Agency’s share of the City’s unfunded PERS retirement liability. The original balance was \$266,574 (provided by a PERS actuarial report) that has been funded down to the \$11,378 remaining balance.
- (Line 31) Successor Agency’s share of the PERS unfunded actuarial liability (\$275,851) – on May 21, 2014 PERS released a report that updated the City’s unfunded actuarial liability as of June 30, 2011. \$527,838 represents the Successor Agency’s share of the liability given that staff costs historically were allocated to the Redevelopment Agency based on time spent on projects and issues. The \$275,851 represents the remaining amounts not funded in ROPS 16-17 due to insufficient funds.

Fiscal Analysis

In total, there are \$28 million in outstanding Agency obligations. All of which will be funded with RPTTF. This includes bond debt service (\$23.8 million), City loans to the former Agency (\$3.6 million), and ongoing administrative costs (\$250,000).

Conclusion:

Staff recommends that the Oversight Board approve and forward the ROPS 2017-18 to the State of California Department of Finance.

Resolution No. 2017-01

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE LEMON GROVE SUCCESSOR AGENCY
ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2017 THROUGH
JUNE 30, 2018, PURSUANT TO CALIFORNIA HEALTH & SAFETY CODE SECTION 34179,
DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF**

WHEREAS, the Lemon Grove Community Development Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*, ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to actions of the City Council of the City of Lemon Grove; and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws caused the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition California Redevelopment Association v. Matosantso, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by resolution considered by the City Council at an open public meeting the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179, the Successor Agency's Oversight Board has been formed and has met; and

WHEREAS, the ROPS for the period July 1, 2017 through June 30, 2018 must be submitted to the County of San Diego and the State of California by February 1, 2017; and

WHEREAS, the ROPS for the period July 1, 2017 through June 30, 2018 have been considered by the Oversight Board; and

WHEREAS, the City of Lemon Grove has had to loan the Successor Agency cash in order for it to fulfill its fiscal obligations.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Lemon Grove Successor Agency does hereby find and determine as follows:

Section 1. The Oversight Board approves the ROPS for the period of July 1, 2017 through June 30, 2018.

Section 2. The Oversight Board authorizes the Successor Agency to transmit the ROPS to the San Diego County Auditor-Controller, the California Department of Finance, and the California State Controller's Office.

Section 3. The Secretary of the Successor Agency is directed to post the ROPS on the City/Successor Agency website pursuant to the Dissolution Act.

Section 4. This resolution shall become effective after transmittal of this resolution with the ROPS attached to the California Department of Finance and the expiration of five business days pending a request for review by the California Department of Finance.

APPROVED AND ADOPTED this 31st day of January 2017.

Chair

ATTEST:

Secretary

I, Susan Garcia, Secretary of the Oversight Board of the Lemon Grove Successor Agency, DO HEREBY CERTIFY that Resolution No. 2017-01 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the 31st day of January 2017, and that it was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

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

Successor Agency: Lemon Grove
 County: San Diego

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):			
B Bond Proceeds	-	-	-
C Reserve Balance	221,656	105,218	326,874
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):			
F RPTTF	1,388,694	1,099,516	2,488,210
G Administrative RPTTF	1,263,694	974,516	2,238,210
H Current Period Enforceable Obligations (A+E):			
	\$ 1,610,350	\$ 1,204,734	\$ 2,815,084

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

**OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE FORMER LEMON GROVE
COMMUNITY DEVELOPMENT AGENCY**

STAFF REPORT

Item No.: 2

Mtg. Date: January 31, 2017

Item Title: Approval of Debt Service Schedule for City Loan (\$3,654,461)

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Adopt a resolution approving the Debt Service Schedule for City Loan (\$3,654,461)

Discussion:

The State of California requires all Successor Agency Oversight Boards to approve enforceable obligations of former Redevelopment Agency's.

The City of Lemon Grove has accumulated a series of cash flow loans made to the Redevelopment Agency since its inception. The City and State were in disagreement over the repayment of a portion of the loan in 2012. In December 2015, the City returned the loan payment to the State and reinstated the entire loan due to the City totaling \$3,654,461. The Oversight Board has previously adopted Resolution No. 2015-15 Approving the Loan Between the City of Lemon Grove and Obligating the Successor Agency to Repay City Cash Flow Loan. This Resolution set the term of the loan up to 46 years based on the availability of funds from The Residual Property Trust Tax Fund (RPTTF) and set the interest rate at zero. This action by the Oversight Board will specifically set the repayment schedule that will be claimed on future ROPS.

Conclusion:

Staff recommends approving the Resolution 2017-2 establishing the Debt Service Schedule.

Attachments:

- 1) Resolution 2017-2
- 2) Debt Service Schedule for City Loan (\$3,654,461)

RESOLUTION NO. 2017-02

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE LEMON GROVE SUCCESSOR AGENCY
ADOPTING DEBT SERVICE SCHEDULE FOR THE REPAYMENT OF CITY CASH FLOW LOANS
AND TRANSMITTAL THEREOF**

WHEREAS, the Lemon Grove Community Development Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*, ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to actions of the City Council of the City of Lemon Grove; and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws caused the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition California Redevelopment Association v. Matosantso, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by resolution considered by the City Council at an open public meeting the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179, the Successor Agency's Oversight Board has been formed and has met; and

WHEREAS, the City of Lemon Grove has had to loan the Successor Agency cash in order for it to fulfill its fiscal obligations; and

WHEREAS, the Oversight Board intends to set a payback schedule for the repayment of multiple cash flow loans totaling \$3,654,461.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Lemon Grove Successor Agency does hereby find and determine as follows:

Section 1. The Oversight Board approves the attached Debt Service Schedule.

APPROVED AND ADOPTED this 31st day of January 2017.

Chair

ATTEST:

Secretary

I, Susan Garcia, Secretary of the Oversight Board of the Lemon Grove Successor Agency, DO HEREBY CERTIFY that Resolution No. 2017-02 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the 31st day of January 2017, and that it was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

**City of Lemon Grove
Redevelopment Loan (\$3,654,461)
Debt Service Schedule**

Fiscal Year	August 1	February 1	Total
2017-18	\$100,000	\$100,000	\$200,000
2018-19	200,000	200,000	400,000
2019-20	200,000	200,000	400,000
2020-21	200,000	200,000	400,000
2021-22	275,000	275,000	550,000
2022-23	275,000	275,000	550,000
2023-24	275,000	275,000	550,000
2024-25	275,000	329,461	604,461
	\$1,800,000	\$1,854,461	\$3,654,461