

SUCCESSOR AGENCY OVERSIGHT BOARD REPORT

5A

DATE: JANUARY 18, 2017

TO: PINOLE OVERSIGHT BOARD

FROM: MICHELLE FITZER, CITY MANAGER
ANDREA MILLER, FINANCE DIRECTOR

SUBJECT: RECOGNIZED OBLIGATION PAYMENT SCHEDULE (*ROPS 17-18*)
FOR JULY 1, 2017 – JUNE 30, 2018 (\$4,599,634)

RECOMMENDATION

Adopt a Resolution approving the Recognized Obligation Payment Schedule (ROPS), pursuant to Part (m) of Section 34177 of the Health and Safety Code (HSC), for the period July 1, 2017 through June 30, 2018, in the amount of \$4,599,634.

BACKGROUND

On June 28, 2012, the Governor signed into law AB-1484 which accelerated the filing date for the January to June (2013) Recognized Payment Obligation Schedule (“ROPS”).

The provisions of AB-1484 require that the disbursement schedule for Enforceable Obligations for the next accounting period required to close-out the business affairs of the previous redevelopment agency be reviewed by the local Oversight Board and submitted to County and State Administrative authorities. Pursuant to HSC section 34179.7 (o) (1), commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an oversight board approved annual ROPS to Finance and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter. The Enforceable Obligations scheduled for payment in the twelve-month period (July 1, 2017 – June 30, 2018) total the sum of \$4,599,634, as listed on Attachment C, and described (in brief) on Attachment B.

While redevelopment agency Successor Agencies may not initiate any new activities nor incur new indebtedness, they are nevertheless required under legislative statute and court order to continue making those payments necessary for day to day operations pursuant to contractual commitments (enforceable obligations), regulatory authorities, and indebtedness entered into prior to the enactment of ABx1-26 (Statutes of 2011). The legislation requires that only payments listed on approved Recognized Obligations Payment Schedules may be processed.

REVIEW & ANALYSIS

The enclosed ROPS document is a listing of the minimum amounts that are required (scheduled) to be paid by the Pinole Redevelopment Successor Agency during the twelve-month period of July 1, 2017 through June 30, 2018, and includes the identification of a proposed funding source for payment of the existing enforceable obligations. This schedule must be reviewed and approved by the Oversight Board prior to submission to the State Department of Finance for final confirmation.

Department of Finance requires that residual/surplus funding from prior ROPS available within the Successor Agency's RPTTF Accounts, must be applied as an offset for additional distributions from the County Auditor-Controller. There is not a residual surplus at June 30, 2016 from the ROPS 15-16B funding period to apply to the ROPS 17-18 (refer to "Report of Cash Balances"), as a result, staff is requesting the full amount of \$4,599,634 for the ROPS 17-18 funding period.

FISCAL IMPACT

Staff has determined that there will be sufficient funding available in the Redevelopment Property Tax Trust Fund (RPTTF) Account held by the Contra Costa County Auditor-Controller to fully fund all Enforceable Obligations identified for the ROPS 17-18 authorization period.

ATTACHMENTS

Attachment A - Draft Resolution

Attachment B - Annotated Descriptions of Enforceable Obligations Scheduled for Payment (listed on Attachment C)

Attachment C - Recognized Obligation Payment Schedule "17-18" July 1, 2017 – June 30, 2018, Pinole Successor Agency

RESOLUTION NO. 2017-01

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2017 THROUGH JUNE 30, 2018.

WHEREAS, Assembly Bill x1 26 ("ABx1 26") was passed by the California State Legislature, signed by the Governor, and has been codified as part 1.8 of Division 24 of the California Health and Safety Code, commencing with Section 34161; and

WHEREAS, AB 26 requires successor agencies to continue to make all scheduled payments for enforceable obligations of their predecessor redevelopment agencies; and

WHEREAS, pursuant to HSC section 34179.7 (o) (1), commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an oversight board approved annual ROPS to Finance and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter; and

WHEREAS, the annual ROPS listing of obligations must include information for each obligation including:

- A. The payee,
- B. Project description and scope of work, product, or service for which payment is to be made,
- C. Total outstanding debt or obligation,
- D. Payment amount obligated to be made for the next 12-month accounting period,
- E. The funding source for payment of listed enforceable obligation; and

AND WHEREAS, the City Finance Director has prepared the required ROPS, for review by the Pinole Successor Agency Oversight Board.

NOW THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency of the former City of Pinole Redevelopment Agency does hereby resolve that the *Recognized Obligation Payment Schedule* for the period July 1, 2017 through June 30, 2018, herein enclosed as Attachment C, is hereby approved.

PASSED AND ADOPTED at a regular meeting of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Pinole held on the 18th day of January 2017 by the following vote:

AYES:	BOARDMEMBERS: Drazba, Martinez-Rubin, Toms, Murray, Marquez
NOES:	BOARDMEMBERS: None
ABSENT:	BOARDMEMBERS: Dotson, Long
ABSTAIN:	BOARDMEMBERS: None

Rosa Acosta

Secretary, Oversight Board of the Successor Agency
To the Former Redevelopment Agency of the City of Pinole

ATTACHMENT B

**ENFORCEABLE OBLIGATIONS
ANNOTATED LIABILITY DESCRIPTIONS**

<u>Item #'s</u>	<u>Liability Description</u>
7	Trustee Fees for “Paying & Dissemination Agent” activities are billed and paid annually.
12	These mortgage payments are for land located at 613-635 Tennent Avenue. They are now incorporated into the Pinole Youth Center Building, paying interest on the unpaid principal and amortizing the outstanding principal through November 2017.
13	These mortgage payments are for land and buildings located at 612 Tennent Avenue, paying interest on the unpaid principal and amortizing the outstanding principal through November 2017.
14	These mortgage payments are for land and buildings located at 648 Tennent Avenue, paying interest on the unpaid principal and amortizing the outstanding principal through November 2017. 20 This agreement provides for loan servicing for both commercial real estate and business assistance promissory notes related to property rehabilitation and business retention remitted on a monthly basis.
20	This agreement provides for loan servicing for both commercial real estate and business assistance promissory notes related to property rehabilitation and business retention remitted on a monthly basis.
21	The tax-exempt status of the Tax Allocation Bonds requires routine reporting of interest earnings on the reserve account investments to the federal Internal Revenue Service. The individual reports (and if necessary Tax Filings) are scheduled for preparation approximately every other month throughout the fiscal year.
24	This agreement provides for the administration of a Reciprocal Easement Agreement used for common area maintenance and capital improvement reimbursements related to the Restaurant Phase of the Pinole Vista Crossings Shopping Center. The cost

of this agreement is funded by the property owners and does not require funding through RPTTF “pledged revenues” generated within the boundaries of the former Redevelopment Project Areas.

- 26 Specific provisions of the Indentures for the outstanding Tax Allocation Bonds require continuous disclosure of financial information (property taxation assessment values, tax collection amounts and analysis of the potential tax loss exposures from Assessment Appeals by property owners) related to the pledged revenue tax base annually, as long as there are unpaid bonds outstanding. This tax consultant prepares a comprehensive report annually, with one subsequent assessment modification Addendum and two Assessment Appeals Status Report updates.
- 27 Both a Financial Statement Audit of the Successor Agency and certifications of financial Continuing Disclosure Information (required by Bond Indentures) will be completed annually (each December) by the City’s External Auditor, as was the former Redevelopment Agency’s past practice.
- 30 At the January 27, 2016 Oversight Board meeting, it was recommended to discontinue allocating a portion of the administrative budget to Pinole Cable Television for video broadcast charges as the Oversight Board meetings are no longer video broadcast.
- 31 Payroll cost allocations for City Staff assigned to complete the close-out/dissolution activities of the Oversight Board, are as follows:
1. Michelle Fitzer (Meeting Preparation and General Administration)
 2. Hector De La Rosa (Real Property and Infrastructure Asset disposal)
 3. Andrea Miller (Financial Reporting and Disbursement of Funds for settlement/liquidation of Enforceable Obligations)
 4. Rosa Acosta (Meeting Agenda Preparation, Recordation of Oversight Committee actions, Document Retention)

Annual Administrative Budgets will be submitted for review and approval at the January meetings of the Oversight Board, in advance of each new fiscal year.

- 33 Legal/Attorney Support Services will continue to be provided to guide and assist the Successor Agency Staff and Oversight Board in completing the dissolution duties. Support activities related to the general administrative functions of the Oversight Board will be included in the Administrative Cost Budget; however, legal support duties related to the disposal of specific assets will be recouped through escrow settlements and taken from the sale proceeds of real and tangible personal property.
- 37 The State Department of Finance (DOF) has recognized but deferred funding for repayment of short-term borrowing of funds from the Housing Set-Aside Accounts of the former Redevelopment Agency to comply with mandatory statutory property tax increment transfers to the Supplemental Educational Revenue Augmentation Fund (SERAF) in fiscal years 2009-10 and 2010-11. Repayment for these loans is authorized for funding by DOF beginning in the 2014-15 fiscal year; however, an initial repayment of this EO is not recommended by Successor Agency Staff, at this time.
- 45-46 Semi-annual Tax Allocation Bond principle and interest payable August 1, 2016 and February 1, 2017. Outstanding principal will be fully amortized to the following schedule:
- a. 2015A Tax Allocation Refunding Bond (Tax-Exempt) through August 2023
 - b. 2015B Tax Allocation Refunding Bond (Taxable) through August 2020

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary
 Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency: Pinole
 County: Contra Costa

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):	\$ 16,800	\$ 17,400	\$ 34,200
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	16,800	17,400	34,200
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 4,156,280	\$ 409,154	\$ 4,565,434
F RPTTF	4,031,280	284,154	4,315,434
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 4,173,080	\$ 426,554	\$ 4,599,634

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.

MARY DRAZBA CHAIR
 Name Title
 /s/ Mary Drazba 1-18-17
 Signature Date

Pinole 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	17-18A (July - December)					17-18B (January - June)					W		
											Fund Sources					Fund Sources							
											L	M	N	O	P	Q	R	S	T	U		V	
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	17-18A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF		Admin RPTTF	17-18B Total
Item #	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													
7	Bond Indenture Agreements	Fees	9/1/2004	8/1/2023	US Bank, National Trust	Trustee, Paying Agent &	Pinole Vista	\$ 34,563,579	N	\$ 4,599,634						\$ 4,173,080							\$ 426,554
12	613-635 Tennent Avenue Mortgage Note	Third-Party Loans	9/27/2002	9/27/2017	John & Nancy Donkonics	Real Estate Property Mortgage secured by land incorporated into Public Infrastructure Project (Youth Center)	Pinole Vista	50,911	N	7,273						7,273							4,511
13	612 Tennent Avenue Mortgage Note	Third-Party Loans	11/6/2007	12/1/2017	John Collins, Trustee of the Collins Survivor's Trust	Real Estate Property Mortgage secured by land held for development of an Affordable Housing Project	Pinole Vista	38,484	N	38,484						33,973							
14	648 Tennent Avenue Mortgage Note	Third-Party Loans	11/6/2007	12/1/2017	John Collins, Trustee of the Collins Survivor's Trust	Real Estate Property Mortgage secured by land used for Public Infrastructure (Public Parking Lot)	Pinole Vista	30,104	N	30,104						30,104							
17	2300 San Pablo Avenue Property Lease	Business Incentive Agreements	11/1/2005	10/31/2015	Main Street Management	Commercial Building Space Lease for Downtown Resturant Project (Tina's Place)	Pinole Vista	9,962	N	9,962						9,962							
20	Housing & Non-housing Professional Services Agreement	Fees	4/3/2007	6/30/2018	AmeriNation Community Services	Monthly loan processing service for outstanding redevelopment loans to both individuals and business entities	Pinole Vista		Y	-						-							-
21	Bond Indenture Professional Service Agreement	Fees	9/1/2004	8/1/2023	BLX Group, LLC Inc.	Income Tax Arbitrage Analysis and IRS Tax Filing for Indenture Reserve Investment Accounts	Pinole Vista	2,898	N	2,898						1,449							1,449
24	Pinole Vista Restaurant Phase Consulting Services Agreement	Professional Services	12/19/2008	12/13/2018	Shelter Bay Retail Group	Consulting Services for Financial Management for Restaurant Development Project	Pinole Vista	38,000	N	7,000						3,500							3,500
26	Financial Reporting Services Bond Indentures	Fees	9/27/1999	8/1/2023	HdL Coren & Cone	Property Tax consulting/advisory services related to pledged revenue property assessments	Pinole Vista	51,600	N	34,200				16,800		16,800							17,400
27	Financial Reporting Services Bond Indentures	Fees	9/27/1999	8/1/2023	HdL Coren & Cone	Property Tax consulting/advisory services related to pledged revenue property assessments	Pinole Vista	60,875	N	8,500						4,250							4,250
30	Successor Agency Administrative Cost Allowance	Admin Costs	7/1/2016	6/30/2017	City of Pinole	Pinole Community Television recording and broadcasting of Oversight Board Meetings	Pinole Vista	3,500	N	3,500						3,500							
31	Successor Agency Administrative Cost Allowance	Admin Costs	7/1/2017	6/30/2018	City of Pinole	Payroll Cost Allocations for Administrative Staff Support of the Pinole Successor Agency	Pinole Vista		Y	-						-							-
32	Reciprocal Easement Agreement	OPA/DDA/Construction	2/21/2007	2/21/2017	Scott & Nancy Huen	Grant for reimbursement of lease for use of refuse collection container	Pinole Vista	233,000	N	233,000						116,500							116,500
33	Legal/Attorney Support Services Agreement	Admin Costs	7/1/2017	6/30/2018	Meyers, Nave, Riback, Silver & Wilson	Legal/Attorney Support Services	Pinole Vista	17,000	N	17,000						8,500							8,500
37	Short-term Borrowing Agreement	SERAF/ERAF	2/16/2010	6/30/2016	City of Pinole	Repayment of SERAF payments (2009-10 & 2010-11) to State of California funding by Housing Set-Aside Fund	Pinole Vista	4,291,572	N	-						-							-
45	Pinole Vista Redevelopment Project 2015A Tax Allocation Refunding Bond (Tax Exempt)	Refunding Bonds Issued After 6/27/12	8/6/2015	8/1/2023	US Bank, National Trust	Indenture Debt Service Payments for Principle & Interest	Pinole Vista	20,083,084	N	2,071,008						1,885,038							185,970
46	Pinole Vista Redevelopment Project 2015B Tax Allocation Refunding Bond (Taxable)	Refunding Bonds Issued After 6/27/12	8/6/2015	8/1/2020	US Bank, National Trust	Indenture Debt Service Payments for Principle & Interest	Pinole Vista	9,652,589	N	2,136,705						2,052,231							84,474
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**Pinole Recognized Obligation Payment Schedule (ROPS 17-18) - 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 Cash Balance Tips Sheet.](#)

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 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)						933,389		
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					18,617	558,197		
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)					28,269	1,876,284		
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)	\$ -	\$ -	\$ -	\$ -	\$ (9,652)	\$ (384,698)		