

RESOLUTION NO. OB 2013-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO APPROVING THE FOURTH RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) FOR THE PERIOD FROM JULY 1, 2013 TO DECEMBER 31, 2013

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of East Palo Alto (the "Dissolved RDA"), were dissolved on February 1, 2012; and

WHEREAS, on January 10, 2012, the City Council (the "City Council") of the City of East Palo Alto (the "City") adopted resolution 4226 accepting for the City the role of Successor Agency to the Dissolved RDA (the "Successor Agency"); and

WHEREAS, under the Dissolution Act, the City, in its capacity as Successor Agency, must prepare a "Recognized Obligation Payment Schedule" ("ROPS") that enumerates the enforceable obligations and expenses of the Successor Agency every six-month period, starting with the period ending on June 30, 2012; and

WHEREAS, on April 16, 2012, the Successor Agency staff prepared, the Oversight Board considered and approved the first ROPS (ROPS I), for the six-month period ending June 30, 2012 (the "First ROPS"); and

WHEREAS, on April 30, 2012, the Successor Agency staff prepared, the Oversight Board considered and approved the second ROPS (ROPS II), for the six-month period ending December 31, 2012 (the "Second ROPS"); and

WHEREAS, on August 16, 2012, the Successor Agency staff prepared, the Oversight Board considered and approved the third ROPS (ROPS III), for the six-month period ending June 30, 2013 (the "Third ROPS"); and

WHEREAS, on October 10, 2012, the Successor Agency staff prepared, the Oversight Board considered and approved the Low and Moderate Income Housing Fund Due Diligence Review; and

WHEREAS, on January 7, 2013, the Successor Agency staff prepared, the Oversight Board considered and approved the Non Housing Fund Due Diligence Review; and

WHEREAS, on February 21, 2013, the Successor Agency staff prepared, the Oversight Board considered and approved the Fourth ROPS (ROPS 13-14A) for the six-month period ending December 31, 2013 (the "Fourth ROPS"); attached here as Exhibit A, and

WHEREAS, under the Dissolution Act, the ROPS 13-14A must be approved by the Successor Agency's oversight board (the "Oversight Board") to enable the Successor Agency to continue to make payments on enforceable obligations; and

WHEREAS, pursuant to the Dissolution Act, the duly constituted Oversight Board for the Successor Agency met at a duly noticed public meeting on February 21, 2013 to obtain an overview of the ROPS 13-14A to consider specific obligations listed on the Fourth ROPS and to consider approval of the Fourth ROPS, among other approvals; and

WHEREAS, the Oversight Board has considered the aforementioned items and finds that such obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Act; and

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency for the Dissolved RDA hereby finds, resolves, and determines as follows:

SECTION 1. The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Under the Health and Safety Code, the Oversight Board may reconsider disallowed enforceable obligations by the Department of Finance.

SECTION 3. The Oversight Board has reviewed the aforementioned obligations, and hereby approves all items included in ROPS 13-14A (Exhibit A) as enforceable obligations.

ADOPTED on February 21, 2013 by the Members of the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

AYES: *All Present: Abrica, Braucht, Chow, Doughty, Farales.*

NOES:

ABSENT:

ABSTAIN:



Chair



Oversight Board Secretary



Approved as to form, OSB Counsel

SUCCESSOR AGENCY CONTACT INFORMATION

Successor Agency

ID: 310
County: San Mateo
Successor Agency: East Palo Alto

Primary Contact

Honorific (Ms, Mr, Mrs)	
First Name	Edmund
Last Name	Suen
Title	Finance Director
Address	2415 University Avenue
City	East Palo Alto
State	CA
Zip	94303
Phone Number	650-853-3122
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Secondary Contact

Honorific (Ms, Mr, Mrs)	
First Name	Carlos
Last Name	Martinez
Title	Economic Development Manager
Phone Number	650-853-3195
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SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: EAST PALO ALTO (SAN MATEO)

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$92,394,945
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$0
B Enforceable Obligations Funded with RPTTF	\$1,525,416
C Administrative Allowance Funded with RPTTF	\$125,000
D Total RPTTF Funded (B + C = D)	\$1,650,416
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$1,650,416
F Enter Total Six-Month Anticipated RPTTF Funding	\$2,305,000
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$654,584

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

H Enter Estimated Obligations Funded by RPTTF <i>(lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	\$1,716,924
I Enter Actual Obligations Paid with RPTTF	\$1,300,054
J Enter Actual Administrative Expenses Paid with RPTTF	\$250,000
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$166,870
L Adjustment to RPTTF (D - K = L)	\$1,483,546

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.

<i>Ruben Abica</i>	<i>Chair</i>
Name	Title
<i>/s/ Ruben Abica</i>	<i>2/21/13</i>
Signature	Date

EAST PALO ALTO (SAN MATEO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope
1	Repayment Agreement (06/1989)	6/19/1989	upon full repayment	City of East Palo Alto	Loan for Operation Advances
2	Repayment Agreement (06/1989)	6/19/1989	upon full repayment	City of East Palo Alto	Infrastructure Improvements
3	Repayment Agreement (02/1995)	2/21/1995	upon full repayment	City of East Palo Alto	Debt for Land Sold to Agency
4	Bay Road Infrastructure Improvements			City of East Palo Alto	Local match for Bay Road Infrastructure Improvements
5	2003 Tax Allocation Refunding Bonds, Series A	2003	2032	Wells Fargo Bank Trust	Partial refunding of 1999 TABS
6	2003 Tax Allocation Refunding Bonds, Series B	2003	2032	Wells Fargo Bank Trust	Partial refunding of 1999 TABS: housing portion
7	2005 Revenue Bonds, Series A	2005	2029	Wells Fargo Bank Trust	Refunding of 1999 TABS
8	Post Audit of Financial Transactions	2012	2013	Maze and Associates	post audit of financial transactions as required under AB 1484 section 34177 (n)
9	Employee Costs for project implementation activities	2012	upon completion of project activities	Employees of Agency	Payroll and Payroll-related Costs
10	Due Diligence Review as mandated by AB 1484	8/13/2012	12/31/2012	CPA firm to be determined	Due diligence review performed by licensed accountant
11	Operating Subsidy Loan	5/4/2004	2026	Bay Road Housing LP	Courtyard Affordable Housing
12	Bank Charges for Bond Fiscal Agent Management	1999	2032	Wells Fargo Bank Trust	Trustee administrative charges
13	Bay Road Infrastructure Improvements			City of East Palo Alto	Local match for Bay Road Infrastructure Improvements
14	Employee Costs for project implementation activities	This is a carryover from ROPS II; it can be deleted		Employees of Agency	Payroll and Payroll-related Costs
15	Administrative Costs	2/1/2012	Until complete wind down of former RDA	City of East Palo Alto and 3rd Party Vendors	Administrative Allowance

This table, due to its long formatting was broken into two parts. The “Project Area” column, which follows the “Description/Project Scope” column, is below.

Item #	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2013-14	Funding Source					
				Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
		\$92,394,945	\$2,468,567	\$0	\$0	\$125,000	\$1,525,416	\$0	\$1,650,416
1	R	5,248,472	0	0	0	0	0	0	0
2	G,UC,R	36,208,712	0	0	0	0	0	0	0
3	G	6,413,730	0	0	0	0	0	0	0
4	G,UC,R	0	0	0	0	0	0	0	0
5	G,UC	9,432,675	263,250	0	0	0	139,275	0	139,275
6	G,UC	5,280,950	267,076	0	0	0	174,622	0	174,622
7	G,UC	23,848,406	1,415,487	0	0	0	1,036,492	0	1,036,492
8	G,UC,R	undetermined	8,200	0	0	0	8,200	0	8,200
9	G,UC,R	undetermined	195,454	0	0	0	97,727	0	97,727
10	G,UC,R	0	0	0	0	0	0	0	0
11	R	780,000	60,000	0	0	0	60,000	0	60,000
12	G,UC,R	182,000	9,100	0	0	0	9,100	0	9,100
13	G,UC,R	0	0	0	0	0	0	0	0
14	G,UC,R		0	0	0	0	0	0	0
15	G,UC,R	5,000,000	250,000			125,000			125,000

EAST PALO ALTO (SAN MATEO)
 Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
 July 1, 2012 through December 31, 2012

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF	
					Estimate	Actual
					\$60,000	\$0
20)	Repayment Agreement (06/1989)	City of East Palo Alto	Loan for Operating Advances	R		
21)	Repayment Agreement (06/1989)	City of East Palo Alto	Infrastructure Improvements	G,UC,R		
24)	Repayment Agreement (02/1995)	City of East Palo Alto	Debt for Land Sold to Agency	G		
25)	2003 Tax Allocation Refunding Bonds, Series A	Wells Fargo Bank Trust	Partial refunding of 1999 TABS	G,UC		
26)	2003 Tax Allocation Refunding Bonds, Series B	Wells Fargo Bank Trust	Partial refunding of 1999 TABS: housing portion	G,UC		
27)	2005 Revenue Bonds, Series A	Wells Fargo Bank Trust	Refunding of 1999 TABS	G,UC		
28)	Operating Subsidy Loan	Bay Road Housing LP	Courtyard Affordable Housing	R	60,000	0
29)	University Circle Project	City of East Palo Alto	Liability for emergency water connection	UC		
30)	Bank Charges for Bond Trustee Mgmt	Wells Fargo Bank Trust	Trustee Administrative charges	G,UC		
31)	Employee Costs For Project Implementation Activities	Employees of Agency	Payroll and Payroll-related Costs	G,UC,R		
32)	Administrative Allowance	City of East Palo Alto	Administrative Allowance	G,UC,R		

This table, due to its long formatting was broken into two parts. The “Bond Proceeds” column, which follows the “LMHIF” column, is below.

Item #	Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$1,466,924	\$1,300,054	\$0	\$0
20)										
21)										
24)										
25)							139,575	138,547		
26)							171,654	164,475		
27)							1,022,962	885,794		
28)										
29)										
30)							6,550	6,050		
31)							126,183	105,188		
32)					250,000	250,000				

EAST PALO ALTO (SAN MATEO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) – Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
1	Repayment Agreement (06/1989)	This obligation is evidenced by a loan repayment agreement between the City of East Palo Alto (City) and the former East Palo Alto Redevelopment Agency (RDA) whereby the City advanced cash to provide operating funds for the Ravenswood Project Area to implement its redevelopment plan and to reduce blight. Under AB 1484 (Dissolution Act), this loan agreement can be repaid beginning in fiscal year 2013-14, but after the Successor Agency (SA) receives a Finding of Completion from the DOF (expected in Spring 2013) and the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes. The Dissolution Act also requires that the interest rate on the loan not to exceed the LAIF rate. As a result, the City recalculated the loan amount and wrote down the balance using the LAIF rates. The amount of \$5,248,472 shown on ROPS 13-14A is the new loan balance using the LAIF rates. Under Health and Safety Code Section 34191.4, the annual loan repayments that can be included in the ROPS are limited. The maximum repayment amount for fiscal year 2013-14 is limited to the growth in RPTTF revenues in 2013-14 compared to the base year of 2012-13 (new growth). However, since the 2013-14 year is in the future, that new growth can only be estimated, which will result in an estimate of the maximum repayment amount to be included in ROPS 13-14A. Since the DOF has not posted any guidance on this issue, staff contacted the DOF for clarification and were advised that loan repayments should be deferred to the ROPS 2014-15A, with actual 2013-14 RPTTF revenue information on hand. As a result, the SA has not included a repayment amount in its ROPS 13-14A.
2	Repayment Agreement (06/1989)	This obligation is evidenced by an amendment to the 1989 repayment agreement between the City of East Palo Alto (City) and the East Palo Alto Redevelopment Agency (RDA) whereby the RDA would reimburse the City for infrastructure improvements obligations in the Ravenswood Project Area necessary to implement its redevelopment plan. No repayment is included in ROPS 13-14A.
3	Repayment Agreement (02/1995)	This obligation is for land sold from the City of East Palo Alto (City) to the East Palo Alto Redevelopment Agency (RDA) for which the City entered into a long term loan agreement whereby the RDA would repay the City over time. Under AB 1484 (Dissolution Act), this loan agreement can be repaid beginning in fiscal year 2013-14, but after the Successor Agency (SA) receives a Finding of Completion from the DOF (expected in Spring 2013) and the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes. The Dissolution Act also requires that the interest rate on the loan not to exceed the LAIF rate. Since was a zero interest loan, no recalculation was necessary. Under Health and Safety Code Section 34191.4, the annual loan repayments that can be included in the ROPS are limited. The maximum repayment amount for fiscal year 2013-14 is limited to the growth in RPTTF revenues in 2013-14 compared to the base year of 2012-13 (new growth). However, since the 2013-14 year is in the future, that new growth can only be estimated, which will result in an estimate of the maximum repayment amount to be included in ROPS 13-14A. Since the DOF has not posted any guidance on this issue, staff contacted the DOF for clarification and were advised that loan repayments should be deferred to the ROPS 2014-15A, with actual 2013-14 RPTTF revenue information on hand. As a result, the SA has not included a repayment amount in its ROPS 13-14A.
4	Bay Road Infrastructure Improvements	
5	2003 Tax Allocation Refunding Bonds, Series A	
6	2003 Tax Allocation Refunding Bonds, Series B	
7	2005 Revenue Bonds, Series A	
8	Post Audit of Financial Transactions	
9	Employee Costs for project implementation activities	
10	Due Diligence Review as mandated by AB 1484	
11	Operating Subsidy Loan	
12	Bank Charges for Bond Fiscal Agent Management	
13	Bay Road Infrastructure Improvements	This is a carryover from ROPS II and can be deleted.
14	Employee Costs for project implementation activities	This is a carryover from ROPS II and can be deleted.
	The Following are Notes Pertaining to the Prior Period Payments:	
28	Operating Loan Subsidy	This Low and Moderate Income Housing obligation was not yet paid as of December 31, 2012 pending the completion of the funding request and the developer's obligations. Disbursement is expected later in the Spring of 2013.
31	Employee Costs for Project Implementation Activities	Although this obligation was initially questioned and disallowed by the DOF in ROPS II. It was reapproved by the Oversight Board and resubmitted in ROPS III and ultimately approved by the DOF on its October 3, 2012 letter. Since this obligation is for expenditures for the time period of July to December 2012, the Successor Agency has included it as part of the ROPS II prior period payments.