

**OVERSIGHT BOARD OF SUCCESSOR AGENCY  
TO ORANGE COVE REDEVELOPMENT AGENCY  
Special Meeting**

**Thursday, September 24, 2015 at 3:00 P.M.**

Meeting To Be Held At  
Orange Cove Council Chambers  
633<sup>th</sup> Street, Orange Cove, California.

**A. Call to Order/Welcome**

**B. Public Forum**

Members of the public wishing to address the Oversight Board on an item that is not on the agenda may do so now. No action will be taken by the Oversight Board this evening. But items presented may be referred to staff for follow up and a report. In order to allow time for all comments, each individual is limited to three minutes. When addressing the Oversight Board, you are requested to come forward to the speakers microphone, state your name and address, and then proceed with your comments.

**C. CONSENT CALENDAR:**

1. Oversight Board Minutes of April 23, 2015

**D. Administration**

2. **SUBJECT:** Consideration and discussion regarding a Resolution Authorizing the Acceptance of a Loan from the City of Orange Cove

**Recommendation:** Oversight Board to consider adopting a Resolution of the Oversight Board Authorizing the Acceptance of a Loan from the City of Orange Cove

3. **SUBJECT:** Consideration and discussion regarding a Resolution approving the Recognized Obligation Payment Schedule 15-16B for January through June 2016 and Authorizing its Transmittal

**Recommendation:** Oversight Board to consider adopting a Resolution approving the Recognized Obligation Payment Schedule 15-16B for January through June 2016 and Authorizing its Transmittal

**E. Adjournment**

**ADA Notice:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (559) 626-4488 ext. 214.

Notification 48 hours prior to the meeting will enable the Oversight Board to make arrangements to ensure accessibility to this meeting.

**Documents:** Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection at front counter at City Hall and at the Orange Cove Library located at 815 Park Blvd., Orange Cove, CA during normal business hours. In addition, most documents are posted on City's website at [cityoforangecove.com](http://cityoforangecove.com). under "Oversight Board."

**MINUTES**  
**OVERSIGHT BOARD OF SUCCESSOR AGENCY**  
**TO ORANGE COVE REDEVELOPMENT AGENCY**  
**Special Meeting**  
**Thursday, April 23, 2015 at 3:00 P.M.**  
**Meeting To Be Held At**  
**Orange Cove Council Chambers**  
**633<sup>th</sup> Street, Orange Cove, California.**

**A. Call to Order/Welcome**

**MEMBERS PRESENT:** Members: Mulligan, Escobar, Pavelko and Martin

**ABSENT:** Members: Lopez and Barr

**STAFF PRESENT:** City Clerk June V. Bracamontes

**STAFF ABSENT:** Finance Director Lan Bui

**B. Public Forum**

Members of the public wishing to address the Oversight Board on an item that is not on the agenda may do so now. No action will be taken by the Oversight Board this evening. But items presented may be referred to staff for follow up and a report. In order to allow time for all comments, each individual is limited to three minutes. When addressing the Oversight Board, you are requested to come forward to the speakers microphone, state your name and address, and then proceed with your comments.

None.

**C. CONSENT CALENDAR:**

1. Oversight Board Minutes of February 12, 2015

**Upon the motion by Member Pavelko and seconded by Member Escobar, the Oversight Board approved the Consent Calendar as presented.**

**D. Administration**

2. **SUBJECT:** Consideration of a Professional Services Agreement with Rosenow-Spevacek Group, Inc. for Redevelopment Consulting Services in an amount not to exceed \$20,462.00

**Recommendation:** Oversight Board to consider approving Resolution No. OB 2015-02 Professional Service Agreement with Rosenow-Spevacek Group, Inc. in an amount not to exceed \$20,462.00

Upon the motion by Member Pavelko and seconded by Member Martin, the Oversight Board approved Resolution No. OB 2015-02 Professional Service Agreement with Rosenow-Spevacek Group, Inc. in an amount not to exceed \$20,462.00

**E. Adjournment**

The Oversight Board adjourned at 3:14 p.m

Respectfully Submitted:

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June V. Bracamontes, City Clerk

PRESENTED TO OVERSIGHT BOARD:

DATE: \_\_\_\_\_

ACTION: \_\_\_\_\_

DATE: SEPTEMBER 24, 2015

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO ORANGE COVE REDEVELOPMENT AGENCY

FROM: Samuel Escobar, City Manager  
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY

RE: AUTHORIZING THE ACCEPTANCE OF A LOAN FROM THE CITY OF ORANGE COVE

**RECOMMENDATION**

Adopt a Resolution of the Oversight Board Authorizing the Acceptance of a Loan from the City of Orange Cove

**FISCAL IMPLICATIONS:**

Adoption of the loan agreement is necessary to repay the City of Orange Cove's General Fund when used to cover a shortfall in revenues to pay for enforceable obligations on Recognized Obligation Payment Schedules.

**BACKGROUND AND OVERVIEW:**

All California redevelopment agencies were eliminated as of February 1, 2012 by the adoption of Assembly Bill ("AB") x1 26, as modified by California Supreme Court case *California Redevelopment Association v. Matosantos* and Assembly Bill 1484 (collectively referred to as the "Dissolution Act" and codified in the California Health & Safety Code, or "HSC"). Pursuant to the Dissolution Act, the City of Orange Cove elected to become the Successor Agency for the Orange Cove Redevelopment Agency on January 17, 2012. The Successor Agency is responsible for winding down the affairs of the redevelopment agency, with oversight from an Oversight Board.

Successor Agency activities are funded primarily by Redevelopment Property Tax Trust Funds ("RPTTF"), which is similar to property tax increment revenues used to fund former redevelopment agencies. Other funding sources include, but are not limited to, bond proceeds, interest, and loan receivables. The Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period, which identifies the Successor Agency's enforceable obligations and the funding source for each obligation. The ROPS are reviewed by the Oversight Board and California Department of Finance ("DOF"). The Successor Agency may only pay for obligations approved by both parties after their review.

The Successor Agency estimates expenditures for each ROPS item to the best of its ability. However, it is common for ROPS items to be underfunded if the actual expenditure was greater than the amount estimated. For example, in the ROPS 14-15B period, trustee administration fees cost \$4,600. This was \$2,550 greater than the \$2,050 originally estimated. ROPS items may also be underfunded if there is less RPTTF available from property tax revenues received compared to the total amount of expenditures approved by DOF on the ROPS. Lastly, ROPS items may be underfunded if the Successor Agency cash balance is less than the amount previously reported to DOF. DOF expects the Successor Agency to exhaust cash balances before new RPTTF is dispersed to fund enforceable obligations. If the available cash balance is less than previously reported, the Successor Agency may not receive enough RPTTF to fully fund its ROPS.

For example, at the beginning of the ROPS 14-15B period (January 1, 2014), the Successor Agency was expected to have \$11,879 in cash available to fund enforceable obligations. However, the Successor Agency actually has a deficit of \$188,161. Staff and consultants are analyzing the cause of the deficit to provide to DOF during its review of the ROPS. It is possible that it was caused by paying for bonds out of the Successor Agency's cash balances when it should have been paid from a reserve fund held by the trustee.

Staff is proposing the adoption of a revolving Loan Agreement between the City and Successor Agency. The Loan Agreement would permit the Successor Agency to borrow a maximum of \$200,000 at any given time from the City. Repayment of the loan would be placed on the ROPS for Oversight Board and DOF approval, and payable within 3 years of the effective date of the loan with interest accumulating at the same rate as the Local Agency Investment Fund set by the California State Treasurer's office. Oversight Board members and DOF would have an opportunity to review what items were funded by the loan when it reviews each ROPS.

It is respectfully requested that the Oversight Board approve the attached Loan Agreement. If approved, the Loan Agreement will be placed on the next ROPS 15-16B for DOF approval.

**FINDINGS AND ALTERNATIVES:**

The alternatives available to the Oversight Board include:

1. Adopt a Resolution of the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency Authorizing the Acceptance of a Loan from the City of Orange Cove; or
2. Do not adopt a Resolution of the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency Authorizing the Acceptance of a Loan from the City of Orange Cove; or
3. Provide staff with alternative direction.

**RESOLUTION NO. 0B 2015-05**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY  
AUTHORIZING THE ACCEPTANCE OF A LOAN FROM THE CITY OF ORANGE COVE**

WHEREAS, Health and Safety Code Section 34173(h) authorizes the city that formed a redevelopment agency to loan funds to the successor agency to the dissolved redevelopment agency for administrative costs, enforceable obligations, and project-related expenses, provided that the use of such funds is reflected on the successor agency's Recognized Obligation Payment Schedule (ROPS) and, if applicable, its administrative budget, subject to the review and approval of the successor agency's oversight board and the Department of Finance; and

WHEREAS, Health and Safety Code Section 34173(h) further provides that an enforceable obligation shall be deemed to be created for the repayment of such loans; and

WHEREAS, Health and Safety Code Section 34171(d)(1)(F) provides that contracts or agreements necessary for the administration or operation of the successor agency are enforceable obligations; and

WHEREAS, the City of Orange Cove as Successor Agency to the Orange Cove Redevelopment Agency (the "**Successor Agency**") has incurred and expects to incur expenses for administrative costs, enforceable obligations, project-related expenses, and costs and expenses necessary for the administration or operation of the Successor Agency, including, but not limited to, bond trustee and continuing disclosure fees; and

WHEREAS, Successor Agency staff anticipate that the Successor Agency may experience occasional cash flow shortages; and

WHEREAS, the City of Orange Cove ("**City**") and the Successor Agency have prepared a Loan Agreement and Promissory Note, copies of which are attached as Exhibit A to this Resolution (the "**Loan Agreement**"); and

WHEREAS, the City Council of the City has authorized the provision of a revolving loan to the Successor Agency in the maximum amount of Two Hundred Thousand Dollars (\$200,000) (the "**Loan**") on the terms and conditions and for the purposes set forth in this Resolution and the Loan Agreement.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency does hereby resolve as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference; and

SECTION 2. The Oversight Board hereby authorizes the Successor Agency to accept the Loan, approves the Loan Agreement, and authorizes the Successor Agency Executive Director to execute the Loan Agreement and the Promissory Note substantially in the form attached to this Resolution as Exhibit A.

SECTION 3. The Successor Agency Executive Director and his or her designee are hereby authorized and directed to execute such instruments and to take such actions as necessary to effectuate the intent of this Resolution, including without limitation the placement of the Loan Agreement and uses of the Loan proceeds on the ROPS.

SECTION 4. The Oversight Board Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED at a special meeting of the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency held this 24<sup>th</sup> day of September, 2015 by the following vote, to wit:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

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Chairperson Oversight Board

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ATTEST:  
Oversight Board Secretary



**EXHIBIT "A"**  
**LOAN AGREEMENT**

## LOAN AGREEMENT

THIS LOAN AGREEMENT (this "**Agreement**") is entered into effective as of September 24, 2015 ("**Effective Date**") by and between the City of Orange Cove as Successor Agency to the Redevelopment Agency of the City of Orange Cove, a public entity (the "**Successor Agency**"), and the City of Orange Cove, a municipal corporation (the "**City**").

### RECITALS

WHEREAS, pursuant to Resolution No. 2012-09 adopted by the City Council of the City of Orange Cove (the "**City Council**"), the City agreed to serve as the Successor Agency to the Orange Cove Redevelopment Agency (the "**Redevelopment Agency**") commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill x1 26 ("**AB 26**"); and

WHEREAS, pursuant to Health and Safety Code Section 34173(g), the Successor Agency is an independent public entity from the City; and

WHEREAS, pursuant to Health and Safety Code Section 34173(h), the City is authorized to loan funds to the Successor Agency for administrative costs, enforceable obligations and project-related expenses, provided that the use of such funds is approved by the Oversight Board established for the Successor Agency ("**Oversight Board**") and reflected on the Recognized Obligation Payment Schedule ("**ROPS**"); and

WHEREAS, Health and Safety Code Section 34173(h) further provides that an enforceable obligation shall be deemed to be created for the repayment of such loans; and

WHEREAS, Health and Safety Code Section 34171(d)(1)(F) provides that contracts or agreements necessary for the administration or operation of the successor agency, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition are enforceable obligations; and

WHEREAS, the Successor Agency has incurred and expects to incur expenses for administrative costs, enforceable obligations, project-related expenses, and costs and expenses necessary for the administration or operation of the Successor Agency, including, but not limited to, bond trustee and continuing disclosure fees; and

WHEREAS, Successor Agency staff anticipate that the Successor Agency may experience occasional cash flow shortages; and

WHEREAS, subject to approval by the Oversight Board, the City Council of the City has authorized the provision of a loan to the Successor Agency on the terms and conditions set forth in this Agreement, and the Governing Board of the Successor Agency has authorized the acceptance of such loan; and

WHEREAS, absent the provision of the loan described in this Agreement (the “**Loan**”), the Successor Agency will have insufficient funds to timely pay administrative costs, enforceable obligations, project-related expenses, and costs and expenses necessary for the administration or operation of the Successor Agency, including, but not limited to, bond trustee and continuing disclosure fees; and

WHEREAS, by Resolution adopted on September 24, 2015, the Oversight Board approved the Successor Agency’s acceptance of the Loan and the listing of the Loan and the use of the Loan proceeds on the Successor Agency’s ROPS.

NOW, THEREFORE, the Successor Agency and the City agree as follows:

1. Loan. The City agrees to loan to the Successor Agency, and the Successor Agency agrees to borrow from and repay to City the sum of up to Two Hundred Thousand Dollars (\$200,000) (the “**Loan**”) upon the terms and conditions and for the purposes set forth in this Agreement. The Loan shall be evidenced by a promissory note (the “**Note**”) which shall be dated as of the Effective Date and executed by the Successor Agency substantially in the form attached hereto as Exhibit A. The Loan shall operate as a revolving fund. The maximum principal amount that may be outstanding at any time is Two Hundred Thousand Dollars (\$200,000).

2. Interest Rate; Maturity Date; Prepayment. Interest shall accrue on the outstanding principal balance of the Loan at a rate equal to the Local Agency Investment Fund Average Annual Yield for the Pooled Money Investment Account (“**LAIF RATE**”) applicable to the fiscal year in which each payment is due, as posted on the State Treasurer’s website, commencing upon the date of disbursement of the Loan proceeds and continuing until the Note is paid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. Payments shall be due on a semi-annual basis on each June 30 and December 31 during the term of the Loan. The entire outstanding principal balance of the Loan, together with interest accrued thereon and all other sums due under the Note, shall be payable in one lump sum on the third (3rd) anniversary of the Effective Date (the “**Maturity Date**”) unless the parties agree to extend such date. The Successor Agency may prepay the Loan in whole or in part at any time without penalty or premium. Partial prepayments shall be applied first to accrued interest and then to principal.

3. Subordination. Notwithstanding any contrary provision hereof, the parties agree that the Successor Agency’s obligation to repay the Loan shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency prior to the Effective Date.

4. Use of Loan Proceeds. The Loan proceeds shall be used solely to cover Successor Agency cash flow shortages and Successor Agency expenses for administrative costs, enforceable obligations, project-related expenses, and costs and expenses necessary for the administration or operation of the Successor Agency, including, but not limited to, litigation expenses related to assets or obligations,

settlements and judgments, and the costs of maintaining assets prior to disposition. Use of the Loan proceeds shall be listed on the Successor Agency's Recognized Obligation Payment Schedule.

5. Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the parties as partners, co-venturers, or principal and agent with one another.

6. Amendments. No amendment to or modification of this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed by the parties.

7. Non-Liability of Officials, Employees and Agents. No member, official, employee or agent of the Successor Agency shall be personally liable to City in the event of any default or breach by the Successor Agency, or for any amount of money which may become due to City, or for any obligation of Successor Agency under this Agreement.

8. No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

9. Captions. The headings of the sections and paragraphs of this Agreement have been inserted for convenience only and shall not be used to construe this Agreement.

10. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

11. Severability. If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties are materially altered or abridged by such invalidation, voiding or unenforceability.

12. Entire Agreement. This Agreement, together with the Note contains the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the parties with respect thereto.

*SIGNATURES ON FOLLOWING PAGE.*

IN WITNESS WHEREOF, the parties have executed this Loan Agreement as of the date first written above.

**CITY OF ORANGE COVE AS SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Executive Director

Attest: \_\_\_\_\_  
Successor Agency Secretary

Approved as to form:

\_\_\_\_\_  
Successor Agency Counsel

**CITY OF ORANGE COVE**

By: \_\_\_\_\_  
City Manager

Attest: \_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

Exhibit A

PROMISSORY NOTE

(Attach form of Promissory Note.)

## PROMISSORY NOTE

\$200,000

Orange Cove, California  
\_\_\_\_\_, 2015

**FOR VALUE RECEIVED**, the City of Orange Cove as Successor Agency to the Orange Cove Redevelopment Agency, a public entity (the "**Successor Agency**") promises to pay to the City of Orange Cove, a municipal corporation (the "**City**") in lawful money of the United States of America, the principal sum of Two Hundred Thousand Dollars (\$200,000) or so much thereof as may be advanced by City from time to time pursuant to the Loan Agreement referred to below, in the manner provided below, together with interest on the outstanding principal balance in accordance with the terms and conditions described herein. Interest shall accrue on the outstanding principal balance at a rate equal to the Local Agency Investment Fund Average Annual Yield for the Pooled Money Investment Account ("**LAIF RATE**") applicable to the fiscal year in which each payment is due, as posted on the State Treasurer's website ([http://www.treasurer.ca.gov/pmia-laif/historical/qrly\\_appor\\_rates.pdf](http://www.treasurer.ca.gov/pmia-laif/historical/qrly_appor_rates.pdf)), commencing upon the date of disbursement thereof until the outstanding principal balance is paid in full. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed.

This Promissory Note (this "**Note**") has been executed and delivered pursuant to and in accordance with that certain Loan Agreement dated as of September 24, 2015, by and between Successor Agency and City (the "**Loan Agreement**"), and is subject to the terms and conditions of the Loan Agreement which is by this reference incorporated herein and made a part hereof. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

### 1. PAYMENTS

1.1 MATURITY DATE. Payments shall be due on a semi-annual basis on each June 30 and December 31 during the term of the Loan. The entire principal balance outstanding under this Note, together with interest accrued thereon and any other sums accrued hereunder, shall be due and payable in one lump sum on the date (the "**Maturity Date**") which is the third (3rd) anniversary of the date of this Note.

1.2 PREPAYMENT. Successor Agency may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment. Prepayments shall be applied first to any unpaid late charges and other costs and fees then due, then to accrued but unpaid interest, and then to principal.

1.3 MANNER OF PAYMENT. All payments of principal and interest on this Note shall be made to City by wire transfer of immediately available funds to an account designated by City.

1.4 SUBORDINATION. Notwithstanding any contrary provision hereof, Successor Agency's obligation to repay the Loan shall be subordinate to the pledge of tax increment revenue for the payment of debt service on tax allocation bonds or other indebtedness issued by the Redevelopment Agency prior to the Effective Date.

## 2. DEFAULTS AND REMEDIES.

2.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an event of default hereunder ("**Event of Default**"):

(a) Successor Agency fails to pay when due the principal and interest payable hereunder and such failure continues for ten (10) days after City notifies Successor Agency thereof in writing.

(b) Successor Agency breaches any other provision of this Note or the Loan Agreement and does not cure such breach within thirty (30) days following written notice from City.

2.2 REMEDIES. The rights and remedies of City under this Note shall be cumulative and not alternative. Upon the occurrence of an Event of Default hereunder, City may, at its option: (i) by written notice to Successor Agency declare the entire unpaid principal balance of this Note, together with all accrued interest thereon and all sums due hereunder, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under law or equity, and (iii) exercise any and all rights and remedies available to City pursuant to the Loan Agreement.

## 3. MISCELLANEOUS

3.1 WAIVER; AMENDMENT. No waiver by City of any right or remedy under this Note shall be effective unless in a writing signed by City. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by City will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. There shall be no amendment to or modification of this Note except by written instrument executed by Successor Agency and City.

3.2 SEVERABILITY. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.



3.4 GOVERNING LAW; VENUE. This Note shall be construed and enforced in accordance with the laws of the State of California.

3.5 SECTION HEADINGS, CONSTRUCTION. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation.

3.6 RELATIONSHIP OF THE PARTIES. The relationship of Successor Agency and City under this Note is solely that of borrower and lender, and the loan evidenced by this Note will in no manner make Successor Agency the partner or joint venturer of City.

IN WITNESS WHEREOF, Successor Agency has executed and delivered this Note as of the date first written above.

**SUCCESSOR AGENCY:**

**CITY OF ORANGE COVE AS SUCCESSOR AGENCY TO THE  
ORANGE COVE REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Executive Director

Attest: \_\_\_\_\_  
Successor Agency Secretary

Approved as to form:

\_\_\_\_\_  
Successor Agency Counsel

DATE: September 24, 2015

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO ORANGE COVE REDEVELOPMENT AGENCY

FROM: Sam Escobar, City Manager  
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY

RE: RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE JANUARY TO JUNE 2016 PERIOD

### **RECOMMENDATION**

Adopt a Resolution of the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency Approving the Recognized Obligation Payment Schedule 15-16B for January through June 2016 and Authorizing its Transmittal

### **FISCAL IMPLICATIONS:**

Adoption and transmittal of the Recognized Obligation Payment Schedule is necessary to receive money from the Redevelopment Property Tax Trust Fund to fund the Successor Agency's financial obligations from January through June 2016.

### **BACKGROUND AND OVERVIEW:**

Assembly Bill ("AB") x1 26, amended by AB 1484 and codified in the California Health & Safety Code ("H&SC") requires successor agencies to adopt a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period. A ROPS covering the period of January 1, 2016 through June 30, 2016 ("ROPS 15-16B") is due by October 5, 2015 pursuant to H&SC Section 34177(m). The ROPS requests necessary payments for each enforceable obligation of the former Orange Cove Redevelopment Agency for the six-month period.

Staff has prepared a resolution adopting the ROPS for the Oversight Board's consideration, which is attached to this staff report. If it is approved by the Oversight Board, Staff will transmit it electronically to the Department of Finance, State Controller, and Fresno County Auditor-Controller for their review. The adopted ROPS must be transmitted by October 5, 2015; if it is not transmitted on time, the Successor Agency will be subject to a penalty of \$10,000 per day. With California Department of Finance ("DOF") approval, the Auditor-Controller will be authorized to disperse property tax revenue to pay ROPS obligations on June 1, 2016.

The ROPS 15-16B contains many of the same enforceable obligations listed on the last ROPS. One new item has been added to fund a loan from the City of Orange Cove to the Successor Agency. During the ROPS 14-15B period, the Successor Agency's actual expenditures for bond trustee and continuing disclosure fees were higher than requested on the ROPS, resulting in a \$2,572 shortfall. In addition, the Successor Agency has an apparent cash deficit of \$193,088 as of June 30, 2015. Staff and consultants are analyzing the cause of the deficit to provide to DOF during its review of the ROPS. It is possible that it was caused by paying for bonds out of the Successor Agency's cash balances when it should have been paid from a reserve fund held by

the trustee. A maximum loan amount of \$200,000 has been requested on the ROPS 15-16B. The actual amount may be lower based on DOF's review of Successor Agency cash balances.

It is important to remember that the ROPS is merely a projection of estimated payments for the ensuing 6-month fiscal period. The actual payments made could be the same or less. The proposed ROPS includes a reconciliation page for the January to June 2015 (ROPS 14-15B) period, and is being presented for your approval as part of the ROPS 15-16B. The Successor Agency's actual expenditures were less than estimated on the ROPS 14-15B because debt service payments were lower than expected after refinancing the former redevelopment agency's bonds.

Staff recommends that the Oversight Board:

1. Adopt Resolution No. 2015-XX Approving the Recognized Obligation Payment Schedule 15-16B for January through June 2016 and Authorizing its Transmittal

**RESOLUTION NO. 08 2015-04**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
SUCCESSOR AGENCY TO THE ORANGE COVE REDEVELOPMENT AGENCY  
APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
15-16B FOR JANUARY THROUGH JUNE 2016  
AND AUTHORIZING ITS TRANSMITTAL**

WHEREAS, the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency ("Oversight Board") has been established to direct the Successor Agency to the Orange Cove Redevelopment Agency ("Successor Agency") to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the Dissolution Act (enacted by Assembly Bills 26 and 1484, as codified in the California Health and Safety Code); and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a recognized obligation payment schedule ("ROPS") for the ensuing six-month period for consideration by a local oversight board and California Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the former Redevelopment Agency; and

WHEREAS, as required by the Dissolution Act, a copy of the proposed ROPS 15-16B covering the January to June 2016 period has been prepared by the Successor Agency and transmitted to the Oversight Board for approval; and

WHEREAS, pursuant to Health and Safety Code sections 34177(l) and 34180(g), the Oversight Board must approve all ROPS for them to become established, valid, and operative for the applicable six-month fiscal period.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency does hereby resolve as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Oversight Board hereby approves and adopts the ROPS 15-16B covering the period of January 1, 2016 through June 30, 2016, in substantially the form attached hereto as Exhibit A, and incorporated herein by reference, as required by the Dissolution Act.

SECTION 3. The Successor Agency is hereby authorized and directed to transmit a copy of the ROPS to DOF, the State Controller, and the Fresno County Auditor-Controller for their review.

SECTION 4. The Oversight Board Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED at a special meeting of the Oversight Board of the Successor Agency to the Orange Cove Redevelopment Agency held this 24<sup>th</sup> day of September, 2015 by the following vote, to wit:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Chairperson Oversight Board

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ATTEST:  
Oversight Board Secretary

**EXHIBIT "A"**  
**RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16B**  
**JANUARY THROUGH JUNE 2016**

**Orange Cove Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances**  
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I							
									Fund Sources						
									Bond Proceeds		Reserve Balance		Other	RPTTF	
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									
<b>Cash Balance Information by ROPS Period</b>															
<b>ROPS 14-15B Actuals (01/01/15 - 06/30/15)</b>															
1	Beginning Available Cash Balance (Actual 01/01/15)	727,397					(188,161)								
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015	21				254	405,821								
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts: H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	26,654					187,612	Bond proceed expenditures include \$21,654 on bond projects (to be drawn down from trustee) and \$5,000 in money owed to the City from the 2015 bond refinancing Cost of Issuance.							
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)														
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S														
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 700,764	\$ -	\$ -	\$ -	\$ 254	\$ (193,088)								
<b>ROPS 15-16A Estimate (07/01/15 - 12/31/15)</b>															
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 700,764	\$ -	\$ -	\$ -	\$ 254	\$ 30,048								
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during June 2015						215,460								
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 12/31/15)						215,544								
10	Retention of Available Cash Balance (Estimate 12/31/15) 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)	\$ 700,764	\$ -	\$ -	\$ -	\$ 254	\$ 29,964								

Pursuant to Health and Safety Code section 34177 (1), 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 [ INSERT URL LINK TO CASH BALANCE TIPS SHEET ]