

# A G E N D A

## REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY

THURSDAY, MAY 3, 2012

5:00 P.M.

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SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

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(Next Board Res. No. OB2012 – 03)

### **ROLL CALL**

Board Members

### **PUBLIC COMMENT**

*(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).*

### **GENERAL BUSINESS**

- 1) Initial Recognized Obligation Payment Schedule (ROPS) Update Report – (Garben)
- 2) Adoption of Oversight Board Resolution No. OB2012-\_\_: Approving the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2012, and Directing Transmittal Pursuant to State Law – (Garben)
- 3) Adoption of Oversight Board Resolution No. OB2012-\_\_: Approving the Administrative Budget for the Period Ending June 30, 2012 – (Garben)

### **REPORTS:** *(Informational items only.)*

- 4) Staff
- 5) Chair/Boardmembers

### **ADJOURNMENT**

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Board Meeting or, in the event that it is delivered to the Boardmembers less than 72 hours prior to a Board Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager's Office during normal business hours, and online at [www.suisun.com/Oversight-Board.html](http://www.suisun.com/Oversight-Board.html).

## AGENDA TRANSMITTAL

**MEETING DATE:** May 3, 2012

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**OVERSIGHT BOARD AGENDA ITEM:** Update Report on Initial ROPS of the Period January 1, 2012 through June 30, 2012

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**BACKGROUND:** The first ROPS covering the period of January 1, 2012 through June 30, 2012, was submitted to and approved by the Oversight Board on April 13, 2012, with the following three items included on the ROPS conditionally, subject to further review:

1. Civic Center COP Reimbursement Agreement
2. 333 Sunset Reimbursement
3. Main Street West DDA

The Oversight Board requested more information on these three items as the State Department of Finance (DOF) initially indicated they were not enforceable obligations. Exhibits A through C provide a summary of the case for each of these items remaining enforceable obligations.

Since that time, the DOF has verbally indicated the Civic Center COP Reimbursement Agreement and the costs associated with the Main Street West DDA are enforceable obligations. The DOF has verbally indicated the 333 Sunset Lease Reimbursement is not an enforceable obligation, as it is viewed as an obligation between a City and Agency entered into more than two years after the Agency was formed.

Further, the DOF provided a written determination on other items, which is discussed below.

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**STAFF REPORT:** Upon Oversight Board approval, the initial ROPS for the period ending June 30, 2012, was immediately submitted to the DOF for review on April 13, 2012. The DOF responded on April 17, 2012, with an email indicating it was requesting review of one or more items listed on the ROPS. The following sequence of events took place after staff received the initial email:

Staff received a phone call from Ms. Kelly Wyatt of the Department of Finance on the afternoon of April 17, 2012. The discussion on this call centered around information on:

- Civic Center COP Reimbursement Agreement
- 333 Sunset Lease Reimbursement
- Costs associated with the Main Street West DDA
- Bond Proceeds listed on the ROPS, and
- Amounts entered in the "Reserve Balance" column on Form C of the ROPS.

Ms. Wyatt requested written information on the Civic Center COP by noon on April 19, 2012, with all other info to her by the end of business on April 19, 2012.

Staff sent Ms. Wyatt a complete Civic Center COP bond transcript binder (of which the Reimbursement Agreement is a part) via overnight delivery on April 18, 2012. Further, staff provided an email to Ms. Wyatt on the morning of April 19, 2012, which included an email from bond counsel explaining why it is believed reimbursement agreements such as the Civic Center COP Reimbursement Agreement are enforceable obligations. (An excerpt from that email is included in Exhibit A.)

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

Staff followed up with Ms. Wyatt on the evening of April 19, 2012, with an email explaining the remaining items we discussed during the phone conversation of April 17, 2012.

Staff provided Ms. Wyatt with a copy of the 333 Sunset Lease Agreement as supplemental information on April 23, 2012.

Staff had several phone conversations with Ms. Wyatt on April 23<sup>rd</sup> and April 24<sup>th</sup> that centered on the information provided to her. Ultimately, through these conversations, staff was told verbally that the Civic Center COP Reimbursement Agreement, and Main Street West items are viewed as enforceable obligations, but bond proceeds and the 333 Sunset Lease Reimbursement are not. Further, Ms. Wyatt indicated a \$135,900 amount listed in January as an administrative cost would be disallowed, as it was over the \$250,000 administrative cost allowance. However, staff is in the process of explaining to the DOF this is not an administrative cost of the Successor Agency, it is the last months' worth of administrative expenses incurred by the Redevelopment Agency. Staff believes this can be corrected with a separate line item on the ROPS so the two aren't confused, but are awaiting word from the DOF. Finally, Ms. Wyatt indicated we should expect a letter from the DOF by the end of the week (April 25, 2012).

Staff also sent Ms. Wyatt a draft of the corrected ROPS based on our conversations in order to ensure we both had an understanding of where things stood.

A letter from the DOF was received on the evening of Tuesday, April 24 (Attached as Exhibit D). The letter from the DOF is somewhat vague in that it references only two items:

1. Errors with payments posted in wrong periods
2. An issue regarding the \$135,900 of administrative costs incurred in January 2012

There was no mention of any of the items that consumed most of the time and effort during the DOF review process, specifically the Civic Center COP Lease Reimbursement, Main Street West DDA and 333 Sunset Lease Reimbursement. Thus, staff sent Ms. Wyatt an email on the morning of April 25, 2012, memorializing the discussions that took place over the preceding two days.

Staff is working toward resolution with the DOF regarding the administrative cost issue of \$135,900. As of this writing, the DOF has not responded to the communication submitted by staff on April 25, 2012.

Staff anticipates having the revised ROPS back to the Oversight Board for consideration at its May 18, 2012, meeting. Also, at the May 18<sup>th</sup> meeting, staff will ask the Oversight Board to consider continued support for the 333 Sunset Lease Reimbursement. Pursuant to Health and Safety Code Section 34178(a) the Successor Agency may enter or re-enter into agreements with the City upon obtaining approval from the Oversight Board.

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**RECOMMENDATION:** Receive and accept the report.

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**ATTACHMENTS:**

- Exhibit A – Civic Center COP Reimbursement Agreement Enforceable Obligation Information
- Exhibit B – 333 Sunset Lease Reimbursement Enforceable Obligation Information
- Exhibit C – Main Street West DDA Enforceable Obligation Information
- Exhibit D – April 23, 2012 DOF Letter

## Exhibit A

### Civic Center COP Reimbursement Agreement

**Civic Center Certificate of Participation (COP)** is a financing instrument initially issued in 1987 to fund construction of the Civic Center complex through the Suisun City Public Financing Authority. It was subsequently refinanced in 1993 and 2004. **The DOF initially indicated this is not an enforceable obligation, but upon receiving additional information, has indicated this item is an enforceable obligation.** Below is an excerpt from email sent to staff from the bond counsel on the issue:

From: Steve Melikian [mailto:smelikian@joneshall.com]  
Sent: Wednesday, April 18, 2012 3:54 PM  
To: Jason Garben  
Subject: Suisun City COP

Jason - I wanted to put some thoughts in an e-mail, which perhaps you can pass along to the Department of Finance. The thoughts below relate to the 2004 Refunding Certificates of Participation (City of Suisun City--Civic Center Project) (the "COPs").

Pursuant to a Site Lease, the City of Suisun City (the "City") leased real property to the Suisun City Public Financing Authority (the "Authority"), and the Authority made a nominal payment of \$1 to the City as a Site Lease payment. The Authority then leased the same real property back to the City pursuant to the terms of a Lease Agreement, and in return the City agreed to make certain Lease Payments for the beneficial use and enjoyment of the property subject to the Lease Agreement.

The Authority then entered into a Trust Agreement with a trustee and the City pursuant to which the Authority agreed to the certification through the delivery of COPs of its interest in the City's Lease Payments. The Authority also entered into an Assignment Agreement with the trustee pursuant to which it assigned its right to receive the Lease Payments to the Trustee for the benefit of the holders from time to time of the COPs. In return for assigning its rights to receive the Lease Payments, the Authority received the proceeds of the sale of the COPs, which, under the Trust Agreement, it directed the trustee to use such amounts to refund certain outstanding certificates of participation (the "Refunded COPs"). The Authority, at closing, gave written instructions to the trustee to execute and deliver the COPs for delivery to the original purchasers thereof. Lease transactions of this type have been consistently upheld by the California Supreme Court, most recently and notably in *Rider v. City of San Diego* (1998) 18 Cal.4th 1037.

The project refinanced by the City with the proceeds of the Refunded COPs benefited the redevelopment project area of the Redevelopment Agency of the City of Suisun City in accordance with the applicable provisions of the Community Redevelopment Law. Accordingly, at the time the COPs were executed and delivered, the City and the Agency entered into a Reimbursement Agreement pursuant to which the Agency agreed to reimburse the City for its Lease Payments (as it also had done on the Refunded COPs), which was permissible under the Community Redevelopment Law because the project benefited the Agency's redevelopment project area and could have been financed or refinanced directly through tax increment or the issuance of tax increment bonds. The Reimbursement Agreement was entered into by the Agency pursuant to the authority granted in Section 33445 of the Health and Safety Code.

Section 34171(d)(2) of the Health and Safety code states that "written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of

indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part." Section 34171(e) defines "indebtedness obligation to mean "bonds, notes, certificates of participation, or other evidences of indebtedness, issued or delivered by the redevelopment agency, or by a joint powers authority created by the redevelopment agency, to third party investors or bondholders to finance or refinance redevelopment projects undertaken by the redevelopment agency in compliance with the Community Redevelopment Law (Part 1 (commencing with Section 33000))." [emphasis added] We note that the Authority was created by the City and the Agency.

The COP financing described meet the definition of "indebtedness obligation" because it constitutes "certificates of participation" "delivered a joint powers authority created by the redevelopment agency . . . to investors" and all of the agreements described above - the Site Leases, the Lease Agreements, the Trust Agreements, the Assignment Agreements and the Reimbursement Agreement - were entered into at the time of the delivery of the COPs "solely for the purpose of securing or repaying those indebtedness obligations" and are, therefore, "enforceable obligations," as provided in Section 34171(d)(2). Each of the listed agreements relate either to the security for the COPs or the payment of the COPs, or both.

It is worth highlighting that our conclusion is consistent with the requirements of the "Contract Clauses" of the United States Constitution (Article I, Section 10: "No state shall...pass any...law impairing the obligation of contracts") and the California Constitution (Article I, Section 9: a "law impairing the obligation of contracts may not be passed").

I would also suggest that if the Department of Finance does not find our analysis convincing, they should contact other bond counsel firms, including Orrick, Herrington & Sutcliffe. We have worked closely with most other bond counsel firms in California on ongoing redevelopment issues, and believe they will agree with our analysis.

## Exhibit B

### 333 Sunset Lease Reimbursement

**333 Sunset Lease Reimbursement** is the reimbursement of lease payments made to the Redevelopment Agency for land the City gave to the Redevelopment Agency for no consideration. In February 1991, the Redevelopment Agency entered into a 55-year ground lease with the Wiseman Company for the development of the 333 Sunset office building. The City transferred this land to the Agency in October 1989 for no compensation to create a workable structure to allow the development of the office building. In November 2003, pursuant to Redevelopment Agency Resolution 2003-13, the Redevelopment Agency agreed to transfer proceeds from the ground lease to the City to begin to compensate the City for the land. Further, the Agency indicated that back lease payments paid to the Agency prior to November 2003 would be evaluated based on the Agency's ability to pay. Pursuant to the budget adopted in FY 2004-05, the Redevelopment Agency Board agreed to repay the back lease payments (lease payments paid to the Agency from 1991 through 2003). Back lease payments total \$666,470.28, with all but \$325,080.28 reimbursed to the City.

This transfer of land occurred within two years of the formation of the Amended Project Area (July 18, 1989). The Agency subsequently entered into a ground lease with a developer in February 1991. The ground lease resulted in the Agency being paid lease payments, which is the subject of the reimbursements to the City, as no compensation was received from the Agency at the time the land was transferred. Health & Safety Code Section 34178(b)(2) states that a written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency is not invalid. Thus lease reimbursements should be honored as an enforceable obligation.

**After receiving additional information, the DOF maintains its position the lease reimbursements associated with 333 Sunset are not enforceable obligations pursuant to AB 26.**

## Exhibit C Main Street West DDA

**The Main Street West Disposition and Development Agreement (DDA)** is a contract for the development of 14 sites located throughout the Waterfront District entered into with Main Street West Partners in April 2006. The Harbor Square mixed use building at the southeast corner of Main Street and Solano Street and the Hampton Inn located at the north end of the waterfront are direct results of this project. All the properties associated with this agreement are proximate to the waterfront. The ROPS contains costs associated with project management (\$55,000 - annually), property maintenance (weed abatement/trash clean-up - \$12,400 annually), assessment fees (\$40,300 annually), and the balance of a line of credit (\$87,300) provided to the developer to be utilized to attract tenants. The State Department of Finance initially raised concerns that these costs would not be allowable as they are not contained within the agreement.

To date, two of the 14 properties have been sold to and developed by Main Street West Partners. Pursuant to the DDA, the remaining 12 properties have not transferred to the Developer, as the transfers are not to occur until the developer is ready to break ground (a building permit is pulled). The costs identified within the ROPS consist of on-going costs to implement the DDA and cause the 12 remaining properties to develop. The costs identified in the ROPS total \$195,700 with a detailed breakdown below:

1. Line of Credit – The Agency provided a \$500,000 line of credit for tenant recruitment as part of the DDA. Approximately \$87,900 remained in this line of credit at the start of FY 11-12. A distribution of approximately \$28,800 was made in December 2011, with \$59,100 remaining. Section 7 (page 4) of the Third Amendment of the DDA outlines this specific item. This is a contractual obligation with a third party.
2. Maintenance Assessment Districts – There are 19 parcels that are part of this project that have not yet transferred to the Developer, which are located within the Victorian Harbor Maintenance Assessment District that pays for maintenance of parks, street lighting, median landscaping, curbside landscaping, alleyway hardscape, soundwalls and dredging of the Suisun Channel. The aggregate amount of assessments levied against the 19 parcels during FY 11-12 was \$40,300. A summary of the charges for each parcel along with the FY 11-12 bill from the County is attached. These assessments are billed by and paid to Solano County, and we view this as a contractual obligation.
3. The properties that are part of this DDA consist of primarily vacant land. The ROPS includes costs to maintain the properties of approximately \$12,400. These maintenance costs consist of annual weed abatement and debris/rubbish removal (periodically trash or unwanted items are illegally dumped on these properties). The vacant land consists of approximately 13 acres. Based on historical maintenance costs, an estimate of \$12,400 per year was developed for weed abatement and debris/rubbish removal

4. Project Management Costs – Staff time to manage the project, and carry out the DDA is estimated at 832 hours per year at an average staff rate of \$65 per hour, totaling approximately \$55,000.

The costs associated with general maintenance and project management qualify as "project costs" not "administrative costs" chargeable to the Successor Agency's administrative allowance. The DOF's own website bolsters the fact that these project costs are not chargeable against the administrative cost allowance. The DOF's "Q&A Exhibit 4" states, "*Generally employees working on specific project implementation activities such as construction inspection, project management or actual construction would not be viewed by Finance as 'administrative.'*"

**After receiving the additional information, the DOF has indicated the costs associated with the Main Street West DDA are enforceable obligations.**



# EXHIBIT D

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 23, 2012

Jason Garben, Director  
Economic Development  
City of Suisun City  
701 Civic Center Blvd.  
Suisun City, CA 94585

Dear Mr. Garben:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Suisun City Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2012 for the period January through June, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance contained errors with payments posted in wrong periods. Therefore, your ROPS is not approved for making obligation payments. See the example provided in Exhibit 6 of [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php). Resubmit a revised board-approved ROPS for the period January through June, 2012 and send to: [Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

In addition, Finance has determined a line item included on the ROPS is not an enforceable obligation (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following item does not qualify as an EO:

Item No. 11 in the amount of \$135,900 is not an EO. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, we are denying \$135,900 of the claimed \$385,900.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill".

MARK HILL  
Program Budget Manager

cc: Ms. Simona Padilla-Scholtens, Auditor-Controller, County of Solano  
Mr. Jun Aveda, Deputy Auditor Controller, County of Solano

## AGENDA TRANSMITTAL

**MEETING DATE:** May 3, 2012

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**OVERSIGHT BOARD AGENDA ITEM:** Adoption of Oversight Board Resolution No. OB2012-\_\_: Approving the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2012, and Directing Transmittal Pursuant to State Law

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**FISCAL IMPACT:** All items listed on the ROPS are obligations of the former Redevelopment Agency, such as bond payments, loan payments to third parties, administrative costs and costs associated with the Main Street West DDA, that fall within the timeframe of July 1, 2012 through December 31, 2012.

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**BACKGROUND:** On December 29, 2011, the California Supreme Court issued its decision upholding ABX1 26 (AB26), effectively eliminating redevelopment agencies throughout the State of California, effective February 1, 2012. The City of Suisun City adopted a resolution on January 31, 2012, electing to serve as the Successor Agency to the former Redevelopment Agency of the City of Suisun City. The Successor Agency is to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period (July through December and January through June) outlining the amount and source of payments for all enforceable obligations required to be paid by the Successor Agency. The ROPS includes items such as debt service on bonds or other loan payments, project costs and administrative costs. The first ROPS covering the period of January 1, 2012 through June 30, 2012, was submitted to and approved by the Oversight Board on April 13, 2012.

The ROPS for the period of July 1, 2012 through December 31, 2012, must be prepared by the Successor Agency, approved by the Oversight Board and submitted to the County Auditor-Controller and State Department of Finance (DOF) by May 11, 2012, in order for the County Auditor-Controller to have sufficient time to make the payment to the Successor Agency on June 1, 2012, pursuant to AB 26.

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**STAFF REPORT:** The ROPS for the period of July 1, 2012 through December 31, 2012, includes the same items listed on the previously adopted ROPS, with the exception of the audit contract, with updated payment amounts for each obligation. Further, with pending legislation and possible litigation relating to AB 26, it is recommended the 333 Sunset Reimbursement and the Bond Proceeds remain on the ROPS without requests for payment. Leaving these items listed on the ROPS without request for payment during this period positions the Successor Agency to take advantage of any future changes to the law, and preserves the current legal rights of the Successor Agency. Although the ROPS is prepared by the Successor Agency, the ROPS is not effective until it is submitted to the County Auditor-Controller, approved by the Successor Agency's Oversight Board, and approved by the DOF.

Thus, it is recommended the Oversight Board approve the ROPS for the period of July 1, 2012 through December 31, 2012, and direct staff to transmit the final document to the County and State as required by law.

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

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**RECOMMENDATION:** Adopt Oversight Board Resolution No. OB2012-\_\_: Approving the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2012, and Directing Transmittal Pursuant to State Law.

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**ATTACHMENTS:**

1. Oversight Board Resolution No. OB2012-\_\_: Approving the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2012, and Directing Transmittal Pursuant to State Law.

**RESOLUTION NO. OB 2012 - \_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AS AMENDED BY THE SUCCESSOR AGENCY FOR THE PERIOD JULY 1 TO DECEMBER 31, 2012, AND DIRECTING TRANSMITTAL PURSUANT TO STATE LAW**

**WHEREAS**, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor has signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

**WHEREAS**, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

**WHEREAS**, the Court's decision results in the implementation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

**WHEREAS**, the City is, by operation of law, the Successor Agency (the "Agency") to the Redevelopment Agency for purposes of winding down the Redevelopment Agency under AB 26; and

**WHEREAS**, pursuant to AB 26, codified as Health and Safety Code Section 64176, the City as Successor Agency is required to maintain a "Recognized Obligation Payment Schedule" (the "ROPS"), which schedule for the period of July 1 through December 31, 2012, was received and accepted by the Agency on May 1, 2012; and

**WHEREAS**, pursuant to AB 26, codified as Health and Safety Code Section 64176, the Agency forwarded the ROPS to the Oversight Board for approval; and

**WHEREAS**, the Oversight Board acknowledges certain items listed on the ROPS may be deemed unenforceable obligations and are listed on the ROPS without request for payment in order for the Successor Agency to adapt to any future changes to the law, and to preserve the current legal rights of the Successor Agency.

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board to the Successor Agency does resolve as follows:

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

**Section 2.** The ROPS, attached hereto and incorporated herein by this reference, is hereby adopted pursuant to Health & Safety Code Section 34180, subject to all reservations of rights and contingencies set forth above.

**Section 3.** The Successor Agency Executive Director or designee is authorized to take all actions necessary to implement this Resolution, including without limitation, the posting of this Resolution and the Recognized Obligation Payment Schedule on the Board's website, and the provision of notice of adoption of this Resolution and such Schedule to the State Department of Finance.

**PASSED AND ADOPTED** at a special meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Thursday, the 3<sup>rd</sup> of May, 2012, by the following vote:

<b>AYES:</b>	BOARDMEMBERS:	_____
<b>NOES:</b>	BOARDMEMBERS:	_____
<b>ABSENT:</b>	BOARDMEMBERS:	_____
<b>ABSTAIN:</b>	BOARDMEMBERS:	_____

**WITNESS** my hand and the seal of the City of Suisun City this 3<sup>rd</sup> of May, 2012.

\_\_\_\_\_

Linda Hobson, CMC  
Secretary

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE - CONSOLIDATED  
FILED FOR THE PERIOD OF 7/1/12 THROUGH 12-31-12**

**Name of Successor Agency**

Successor Agency to the Redevelopment Agency of the City of Suisun City

Balance Carried Forward From:	Current	
	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
<b>Outstanding Debt or Obligation</b> (From Form A, Page 1 Totals)	\$ 76,832,897.01	\$ 5,341,112.50
	<b>Total Due for Six Month Period</b>	
<b>Outstanding Debt or Obligation</b> (From Form B, Page 1 Totals)	\$ 4,412,821.50	
<b>Available Revenues other than anticipated funding from RPTTF (Form C)</b>	\$ -	
<b>Anticipated Funding from Redevelopment Property Tax Trust Fund (RPTTF) (Form C)</b>	\$ 4,412,821.50	
<b>Administrative Allowance</b> (greater of 5% of anticipated Funding from RPTTF or 250,000)	\$ 250,000.00	

It is noted line items 8 and 12 are not enforceable obligations as determined by the Department of Finance. However, these items are listed on the ROPS without any payment requested during this period given the uncertainty surrounding potential future changes to the law affecting these items

Consolidate on this form all of the data contained on Form A, B and C. Form A is to include all outstanding obligation entered into for period filed. Form B is to include payment requirement for each enforceable obligation for each month. Form C is to enter the anticipated funding source for each listed enforceable obligation.

Certification of Oversight Board Chairman:  
Pursuant to Section 34177(l) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Enforceable Payment Schedule for the above named agency.

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Signature Date

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Per AB 26 - Section 34177(I)

Filed for Period July 1, 2012 to December 31, 2012

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year
1) 1998 Tax Exempt Bonds	US Bank	Bonds Issued to Fund Redevelopment Project	21,900,525.78	555,345.00
2) 2003 Series A Tax Allocation Bonds	US Bank	Bonds Issued to Fund Redevelopment Project	5,005,000.00	519,530.00
3) 2003 Series B Tax Allocation Bonds	US Bank	Refunding of 1993 Tax Allocation Bonds	30,015,000.00	3,040,337.50
4) Marina Construction Loan	Dept of Boating and Waterways	Marina Construcion/Rehab	6,488,571.56	452,070.00
5) Marina Expansion Loan	Sheldon Oil	Marina Expansion/Land Acquisition	2,261,591.39	268,000.00
6) SERAF Payment	Low/Mod Housing Fund	SERAF Loan Payment	6,901,505.00	
7) Unfunded Liability	PERS Agency Employees	Unfunded PERS and Accrued Leave	168,000.00	
<b>8) 1998/2003 Tax Allocation Bonds*</b>	<b>Various</b>	<b>Bond Proceeds</b>	<b>225,000.00</b>	
9) Iconic Sign Design	Earthquake and Structures, Inc.	Gateway Sign Design	11,000.00	
10) Admin Cost	Various	Staffing Costs, Rent/Utilities, Supplies, Legal, Oversight Board, Etc		250,000.00
11) Foster Boltz Loan Guaranty	Travis Credit Union	Loan Guaranty to Travis Credit Union For Equipment/Start-up Loan to Business	300,000.00	
<b>12) Reimbursement - 333 Sunset Lease*</b>	<b>City of Suisun City</b>	<b>Lease Payment Reimbursements</b>	<b>325,080.28</b>	
13) Main Street West DDA	Various	DDA Obligations		
14) Civic Center COP	City of Suisun City	Civic Center COP Reimbursement Agreement	3,231,623.00	255,830.00
15)				
16)				
17)				
18)				
19)				
20)				
Totals - This Page			\$ 76,832,897.01	\$ 5,341,112.50
Totals - Page 2			\$ -	\$ -
Grand total - All Pages			\$ 76,832,897.01	\$ 5,341,112.50

It is noted line items 8 and 12 are not enforceable obligations as determined by the Department of Finance. However, these items are listed on the ROPS without any payment requested during this period given the uncertainty surrounding potential future changes to the law affecting these items

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Per AB 26 - Section 34177(I)

Filed for Period July 1, 2012 through December 31, 2012

Project Name / Debt Obligation	Project Area	Payments by Month						Subtotal	Adjustments from Prior Schedule	TOTAL
		July	August	September	October	November	December			
1) 1998 Tax Exempt Bonds	All Areas				408,475.00			\$ 408,475.00		\$ 408,475.00
2) 2003 Series A Tax Allocation Bonds	All Areas				400,083.75			\$ 400,083.75		\$ 400,083.75
3) 2003 Series B Tax Allocation Bonds	All Areas				2,445,183.75			\$ 2,445,183.75		\$ 2,445,183.75
4) Marina Construction Loan	All Areas		457,080.00					\$ 457,080.00		\$ 457,080.00
5) Marina Expansion Loan	All Areas				268,000.00			\$ 268,000.00		\$ 268,000.00
6) SERAF Payment	All Areas							\$ -		\$ -
7) Unfunded Liability	All Areas							\$ -		\$ -
8) 1998/2003 Tax Allocation Bonds*	All Areas							\$ -		\$ -
9) Iconic Sign Design	All Areas							\$ -		\$ -
10) Admin Cost	All Areas	20,833.34	20,833.34	20,833.33	20,833.33	20,833.33	20,833.33	\$ 125,000.00		\$ 125,000.00
11) Foster Boltz Loan Guaranty	All Areas							\$ -		\$ -
12) Reimbursement - 333 Sunset Lease*	All Areas							\$ -		\$ -
13) Main Street West DDA	All Areas	4,600.00	4,600.00	4,600.00	4,600.00	4,600.00	46,109.00	\$ 69,109.00		\$ 69,109.00
14) Civic Center COP	All Areas						239,890.00	\$ 239,890.00		\$ 239,890.00
15)	All Areas							\$ -		\$ -
16)								\$ -		\$ -
17)								\$ -		\$ -
18)								\$ -		\$ -
19)								\$ -		\$ -
20)								\$ -		\$ -
Totals - This Page		\$ 25,433.34	\$ 482,513.34	\$ 25,433.33	\$ 3,547,175.83	\$ 265,323.33	\$ 66,942.33	\$ 4,412,821.50	\$ -	\$ 4,412,821.50
Totals - Page 2		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages		\$ 25,433.34	\$ 482,513.34	\$ 25,433.33	\$ 3,547,175.83	\$ 265,323.33	\$ 66,942.33	\$ 4,412,821.50	\$ -	\$ 4,412,821.50

It is noted line items 8 and 12 are not enforceable obligations as determined by the Department of Finance. However, these items are listed on the ROPS without any payment requested during this period given the uncertainty surrounding potential future changes to the law affecting these items

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Per AB 26 - Section 34177(I)

File for Period July 1, 2012 through December 31, 2012

	Project Name / Debt Obligation	Total from Form B	Source of Payment						TOTAL
			RPTTF	Low and Moderate Income Housing Fund	Bond Proceeds	Reserve Balances	Administrative Cost Allowance	Other Revenue Sources	
1)	1998 Tax Exempt Bonds	\$ 408,475.00	408,475.00						\$ 408,475.00
2)	2003 Series A Tax Allocation Bonds	\$ 400,083.75	400,083.75						\$ 400,083.75
3)	2003 Series B Tax Allocation Bonds	\$ 2,445,183.75	2,445,183.75						\$ 2,445,183.75
4)	Marina Construction Loan	\$ 457,080.00	457,080.00						\$ 457,080.00
5)	Marina Expansion Loan	\$ 268,000.00	268,000.00						\$ 268,000.00
6)	SERAF Payment	\$ -							\$ -
7)	Unfunded Liability	\$ -							\$ -
8)	1998/2003 Tax Allocation Bonds*	\$ -							\$ -
9)	Iconic Sign Design	\$ -							\$ -
10)	Admin Cost	\$ 125,000.00	125,000.00						\$ 125,000.00
11)	Foster Boltz Loan Guaranty	\$ -							\$ -
12)	Reimbursement - 333 Sunset Lease*	\$ -							\$ -
13)	Main Street West DDA	\$ 69,109.00	69,109.00						\$ 69,109.00
14)	Civic Center COP	\$ 239,890.00	239,890.00						\$ 239,890.00
15)		\$ -							\$ -
16)		\$ -							\$ -
17)		\$ -							\$ -
18)		\$ -							\$ -
19)		\$ -							\$ -
20)		\$ -							\$ -
Totals - This Page		\$ 4,412,821.50	\$ 4,412,821.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,412,821.50
Totals - Page 2		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages		\$ 4,412,821.50	\$ 4,412,821.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,412,821.50

It is noted line items 8 and 12 are not enforceable obligations as determined by the Department of Finance. However, these items are listed on the ROPS without any payment requested during this period given the uncertainty surrounding potential future changes to the law affecting these items

## AGENDA TRANSMITTAL

**MEETING DATE:** May 3, 2012

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**OVERSIGHT BOARD AGENDA ITEM:** Adoption of Oversight Board Resolution No. OB2012-\_\_: Approving the Administrative Budget for the Period Ending to June 30, 2012.

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**BACKGROUND:** Pursuant to Section 34177(j) of AB 26, the Successor Agency is required to prepare and submit a proposed administrative budget to the Oversight Board for its approval. The administrative budget must include the following pursuant to AB 26:

- Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period
  - Identify proposed sources of payment
- Proposals for arrangements of administrative and operational services provided by the City.

Pursuant to Section 34171(b) of AB 26, an administrative cost allowance is provided to the Successor Agency. This allowance comes from property tax revenues and is subject to approval of the Oversight Board. The administrative cost allowance for FY 2011-12 is up to 5% of property tax allocated to the Successor Agency and 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund for each fiscal year thereafter. There is a provision that provides the administrative cost allowance shall not be less than \$250,000 for any fiscal year unless a lesser amount is agreed to by the Successor Agency.

Pursuant to Form B of the ROPS for the period ending June 30, 2012, the Successor Agency is expecting to receive a property tax allocation of \$1,334,543 for FY 2011-12. Taking 5% of the \$1,334,543 would result in an administrative cost allowance of \$66,727.15. Thus, the minimum administrative cost allowance of \$250,000 is estimated. The California Department of Finance has indicated the minimum \$250,000 is the appropriate allocation in the case of Suisun City's Successor Agency for FY 2011-12.

The Oversight Board received a draft of the administrative budget as an informational item on April 13, 2012.

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**STAFF REPORT:** This administrative budget is for the period of February 1, 2012 through June 30, 2012. An administrative budget must be prepared by the Successor Agency for every six month period and submitted to the Oversight Board for approval.

As previously mentioned, the minimum administrative cost allowance of \$250,000 is estimated for purposes of budgeting.

The administrative budget includes proposed staffing of 2.85 full-time equivalent employees (\$165,300), which is approximately 35% of the 8.24 full time equivalent employees employed by the Redevelopment Agency prior to dissolution. The types of positions include management,

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**PREPARED BY:**

Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

accounting and general administrative. Attachment 1 provides a detailed breakdown of proposed staffing through June 30, 2012.

With staffing proposed at 35% of the former Redevelopment Agency's employment levels, the Successor Agency's contribution to cost allocation charges was reduced accordingly to \$45,700 from the \$315,300 as adopted as part of the former Redevelopment Agency's FY 2011-12 budget. Cost allocation charges include overhead costs such as costs associated with the use of City Hall, information technology and risk management.

The remaining budget includes the following line items and associated costs:

- Successor Agency Legal                      \$25,000
- Oversight Board Legal                      \$5,000
- Services/Supplies                              \$9,000

Attachment 2 provides a summary explanation of each of the aforementioned line items.

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**RECOMMENDATION:** Adopt of Oversight Board Resolution No. OB2012-\_\_: Approving the Administrative Budget for the Period Ending to June 30, 2012.

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**ATTACHMENTS:**

1. Successor Agency Staffing Summary 2-1-12 through 6-3-12
2. Successor Agency Admin Cost Summary
3. Oversight Board Resolution No. OB2012-\_\_: Approving the Administrative Budget for the Period Ending to June 30, 2012.

**Suisun City Succesor Agency  
Staffing Summary**

Job Title	FTE
Account Clerk I/II-II	0.10
Accountant	0.20
Administrative Assistant II	0.20
Assistant City Manager/Admin. Services	0.25
Assistant/Associate Engineer-Assistant	0.00
City Manager	0.40
Community Development Director	0.05
Economic Development Director	0.70
Financial Services Manager	0.15
Marketing Manager	0.10
Project Manager	0.00
Sec to City Mgr/Dep City Clerk	0.20
Senior Account Clerk	0.10
Senior Accountant	0.25
Assistant/Associate Planner-Associate	0.15
<b>Total Full Time Equivalent Staffing</b>	<b>2.85</b>

### Suisun City Successor Agency

#### Admin Cost Summary

Employee Costs	\$165,300	Employee costs include salary, benefits, and taxes for 2.85 FTE employees outlined in the staffing detail.
Cost Allocation Charges	\$45,700	Cost allocation charges include overhead costs such as costs associated with the use of City Hall, information technology, and risk management.
Legal - Successor Agency	\$25,000	Legal costs for the Successor Agency are budgeted at \$25,000, or \$5,000 per month. This amount provides for approximately 25 hours per month of legal advice.
Legal - Oversight Board	\$5,000	Legal costs for the Oversight Board are estimated at \$5,000. Since the Oversight Board will essentially have May and June included in the budget cycle, staff estimated \$5,000 would be sufficient for the relatively short timeframe.
Services and Supplies	\$9,000	Services and supplies includes costs associated with phone service/internet, postage/shipping, printer/copier expense, office supplies, travel and training, and other professional services.
<b>Total</b>	<b>\$250,000</b>	

**RESOLUTION NO. OB 2012 - \_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD ENDING JUNE 30, 2012**

**WHEREAS**, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor has signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

**WHEREAS**, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

**WHEREAS**, the Court's decision results in the implementation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

**WHEREAS**, the City is, by operation of law, the Successor Agency (the "Agency") to the Redevelopment Agency for purposes of winding down the Redevelopment Agency under AB 26; and

**WHEREAS**, Health & Safety Code Section 34171(a), (b), and 34177 (j) require the Oversight Board to approve an Administrative Budget for administrative costs of the Successor Agency.

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board to the Successor Agency does resolve as follows:

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

**Section 2.** The administrative budget for the Successor Agency for the period ending June 30, 2012 is hereby approved.

**Section 3.** The Successor Agency Executive Director or designee is authorized to take all actions necessary to implement this Resolution.

**PASSED AND ADOPTED** at a special meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Thursday, the 3<sup>rd</sup> of May, 2012, by the following vote:

<b>AYES:</b>	BOARDMEMBERS:	_____
<b>NOES:</b>	BOARDMEMBERS:	_____
<b>ABSENT:</b>	BOARDMEMBERS:	_____
<b>ABSTAIN:</b>	BOARDMEMBERS:	_____

**WITNESS** my hand and the seal of the City of Suisun City this 3<sup>rd</sup> of May, 2012.

\_\_\_\_\_  
Linda Hobson, CMC  
Secretary