

SPECIAL MEETING

Oversight Board Successor Agency to the Daly City Redevelopment Agency

Tuesday, January 26, 2016, 12:00 p.m.

**City of Daly City – City Hall
Administrative Conference Room
333-90th Street, 3rd Floor, Daly City, CA 94015**

For those wishing to address the Board on any Item on the Agenda or under Public Appearances/Oral Communications, please complete a Speaker Card located at the entrance to the meeting and submit to a Staff Member as early in the meeting as possible.

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at (650) 991-8078 as soon as possible.

AGENDA

1. Approval of Minutes for December 1, 2015
2. Resolution approving the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2016 – June 30, 2017 and Agency's Administrative Budget
(Christine Paras/Lawrence Chiu)
3. Resolution Reinstating and Affirming Loans made by the City of Daly City to the Redevelopment Agency of the City of Daly City were for legitimate redevelopment purposes, and approving repayment of the loans in accordance with the provision of California Health & Safety Code §34191.4(b)
(Rose Zimmerman)
4. Public Comments
NOTE: Speakers are limited to two minutes, unless modified by the Chairperson.
The Board cannot take action on any matter raised under this item.
5. Future Business
6. Board Comments
7. Adjourn

Oversight Board
Successor Agency to the
Daly City Redevelopment Agency
Minutes-Special Meeting
December 1, 2015

The meeting was called to order in the City of Daly City Administrative Conference Room by Chairperson Jensen at 1:06 P.M.

Oversight Boardmembers Present:

Kathy Blackwood, Executive Vice President, San Mateo County Community College
Judith Christensen, Councilmember, City of Daly City
Iris Gallagher, President, Bayshore Sanitation District
Peggy Jensen, Deputy County Manager
Patricia E. Martel, City Manager, City of Daly City

Counsel to the Oversight Board:

Julie Sherman, Esq.

Staff Present:

Lawrence Chiu, Director of Finance and Administrative Services
Emmy Flores, Accounting Services Manager
Tatum Mothershead, Interim Director, Economic and Community Development
Kelly Schott, Assistant City Attorney
Rose Zimmerman, City Attorney
K. Annette Hipona, City Clerk

MINUTES:

Special Meeting of September 14, 2015

It was moved by Boardmember Gallagher, seconded by Boardmember Martel and carried to approve the minutes of September 14, 2015. Boardmember Christensen abstained.

RESOLUTIONS:

Approving and Reaffirming Reinstatement of City Loans Made to the Former the Redevelopment Agency

Rose Zimmerman, City Attorney reviewed the Agenda report with the board. It was moved by Boardmember Martel, seconded by Boardmember Christensen and carried by unanimous vote to adopt the following resolution:

Resolution No. OB15-7 A Resolution of the Oversight Board of the Successor Agency to the Redevelopment of the City of Daly City Approving and Reaffirming Reinstatement of City Loans Made to the Former Redevelopment Agency

Oversight Board
Successor Agency to the
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Minutes-Special Meeting
December 1, 2015

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ADJORNMENT:

The meeting adjourned at 1:10 P.M.

City Clerk

Approved this 22nd day
of January, 2016.

Chairperson

Oversight Board Agenda Report
Successor Agency to the
Daly City Redevelopment Agency

Item # 2

Meeting Date: January 26, 2016

Subject: Resolution approving the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2016 – June 30, 2017 and Agency's Administrative Budget

RECOMMENDATION

Adopt a resolution approving the Successor Agency's administrative budget and Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2016 – June 30, 2017, and authorizing the Successor Agency to submit the ROPS to the Department of Finance and the County Auditor-Controller.

BACKGROUND / SUMMARY

Pursuant to Health and Safety Code Section 34177(o), a ROPS listing the Successor Agency's enforceable obligations and expenses must be prepared by the Successor Agency of the Former City of Daly City Redevelopment Agency for approval by the Oversight Board and the Department of Finance (DOF). Further, Section 34177 (j) requires the Successor Agency to prepare and submit an administrative budget for Oversight Board approval. Pursuant to Health and Safety Code Section 34177 (o) (1), commencing with the Recognized Obligation Payment Schedule (ROPS) covering the period from July 1, 2016 to June 30, 2017 and thereafter, the Successor Agency to the Redevelopment Agency is required to submit an Oversight

Once approved by the DOF, the Successor Agency will be entitled to receive property tax revenue from the County's Redevelopment Property Tax Trust Fund (RPTTF) to pay the approved enforceable obligations included on the ROPS.

ROPS:

ROPS 16-17 A & B (which covers the July 1, 2016 through June 30, 2017 period) must be approved by the Oversight Board and submitted to the DOF and the County Auditor-Controller no later February 1, 2016. The DOF has 45 days after the ROPS 16-17 A & B has been submitted to provide a determination regarding enforceable obligations and the amounts and funding sources of the enforceable obligations. Failure of the Agency to submit the ROPS 16-17 A & B in a timely manner may result in a fine for every day the schedule is late.

With the enactment of Senate Bill 107, the ROPS period has changed from six months to twelve months, July to June, and to maintain continuity will continue to separate the A Period (July to December) and B Period (January to June) on the annual ROPS document.

Oversight Board Agenda Report

Subject: Resolution approving the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2016 – June 30, 2017 and Agency's Administrative Budget

Meeting Date: January 26, 2016

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Administrative Budget

The Successor Agency to the Redevelopment Agency is required to prepare an Administrative Budget that includes the estimated amounts for Successor Agency administrative costs for the fiscal year and submit it to the Successor Agency Oversight Board for its approval.

The administrative budget for the ROPS 16-17 A & B period is funded through the Redevelopment Property Tax Trust Fund as follows:

Staff costs (management, fiscal, secretarial)	\$192,000
Professional services	
• Legal costs	\$190,000
• Accounting/Audit	\$7,000
Miscellaneous expenses (eg., postage, records management, office supplies and operation)	<u>\$1,000</u>
Total Projected Administrative Budget:	<u>\$390,000</u>
Administrative Budget Allowed (Health and Safety Code 34171)	\$250,000

(See Administrative Budget Exhibit "A")

Pursuant to Health and Safety Code 34171(b)(2) an administrative cost allowance for Successor Agency to carry out wind-down activities of the former Redevelopment Agency and to administer the Oversight Board. The administrative cost allowance shall not be less than two hundred fifty thousand dollars (\$250,000) in any fiscal year, unless this amount is reduced by the oversight board or by agreement with the successor agency.

The two major cost components of the Administrative Budget are personnel costs and contract services. Personnel costs include City staff time required to carry out Successor Agency and Oversight Board activities such as preparing Recognized Obligation Payment Schedules (ROPS), responding to audit requests and correspondence with the California Department of Finance, scheduling Oversight Board meetings; and operational costs associated with these activities. The contract services costs include legal counsel, audit and consulting services.

Oversight Board Agenda Report

Subject: Resolution approving the Successor Agency's Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2016 – June 30, 2017 and Agency's Administrative Budget

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FISCAL IMPACT

Approval and submittal of the ROPS has no adverse fiscal impact to Successor Agency funds or the City General Fund. When approved by the Department of Finance, the ROPS serves as the vehicle pursuant to which property taxes are allocated to the Successor Agency for payment of enforceable obligations.

SUMMARY/CONCLUSION

Staff recommends that the Successor Agency to the Daly City Redevelopment Agency adopt resolution approving the Administrative Budget for Fiscal Year 2016-17 and ROPS 16-17 A&B period.

Staff is available to provide any additional information desired by the Chair or Board Members.

Respectfully submitted,



Lawrence Chiu

Director of Finance and
Administrative Services

Christine Paras
Deputy Director Finance and
Administrative Services

Attachments:

- Resolution
- ROPS 16-17
- Administrative Budget Exhibit "A"

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary

Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Daly City
 County: San Mateo

	16-17A Total	16-17B Total	ROPS 16-17 Total
Current Period Requested Funding for Enforceable Obligations (ROPS Detail)			
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF)			
Funding Sources (B+C+D):			
A Bond Proceeds Funding	\$ 149,450	\$ 149,450	\$ 298,900
B Reserve Balance Funding	-	-	-
C Other Funding	149,450	149,450	298,900
E Enforceable Obligations Funded with RPTTF Funding (F+G):			
F Non-Administrative Costs	497,406	-	497,406
G Administrative Costs	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):			
	\$ 771,856	\$ 274,450	\$ 1,046,306

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

 Name
 Title
 /s/ _____
 Signature
 Date

Daily City Recognized Obligation Paym
 July 1, 2016 thr
 (Report Amount)

A	B	C	D	E	F	G	H	I	J
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation \$	Retired
	City/county loans for legitimate redevelopment purposes per HSC section 34191.4 (b) (2) (A)	City/county loans - Off of Before 6/27/11	8/27/1978 2/27/1985, 2/18/1987		City of Daly City	City/county loans for legitimate redevelopment purposes per HSC section 34191.4 (b) (2) (A)		28,819,362	N
3	Administrative Allowance	Admin Costs	7/1/2015	6/30/2016	City of Daly City	Administration Costs		250,000	N
4	Home Loan	Trustee Fees/Loans	6/30/2007	1/30/2017	GA Housing Finance Agency	Loan for property acquisition		17,752	N
5	Rental property utilities	Property Maintenance	1/3/2002	6/30/2016	PG&E	Gas & electric		4,800	N
6	Rental property utilities	Property Maintenance	1/3/2002	6/30/2016	San Mateo County	Sewer fees & mosquito abatement		1,800	N
7	Property Insurance	Property Maintenance	1/3/2002	6/30/2016	City of Daly City	Insurance premiums		2,700	N
8	Landmark	Miscellaneous	10/11/2010	6/30/2016	Equity Residential	Security Deposit		150,000	N
9	135 Accacia	Miscellaneous	7/1/2005	6/30/2016	Oscar Flores	Rental Deposit		700	N
10	Property Insurance	Property Maintenance	7/1/2005	6/30/2016	City of Daly City	Insurance premiums		1,400	N
11	260 Abbot	Miscellaneous	3/15/2007	6/30/2016	Various Tenants	Rental Deposits		3,350	N
12	260 Abbot	Property Maintenance	3/15/2007	6/30/2016	Hildebrand Property Mgmt.	Utilities		300	N
13	260 Abbot	Property Maintenance	3/15/2007	6/30/2016	San Mateo County	Sewer fees		1,500	N
14	260 Abbot	Property Maintenance	3/15/2007	6/30/2016	Hildebrand Property Mgmt.	Property management		3,600	N
15	260 Abbot	Property Maintenance	3/15/2007	6/30/2016	Hildebrand Property Mgmt.	Building maintenance		4,000	N
17	Various properties	Property Maintenance	1/3/2002	6/30/2016	Various companies	Property maintenance		40,000	N
18	Various properties	Property Dispositions	9/3/2013	6/30/2016	Kosmont Companies	Property management plan		10,000	N
20	Various properties	Professional Services	4/30/2014	6/30/2016	Donald Fraser	Consulting work related to AB 1484		10,000	N
21	2099 - 2147 Junipero Serra Boulevard	Remediation	6/23/2014	6/30/2016	EBI Consulting	Remedial action plan		122,000	N
22	Housing Administrative Allowance	Housing Entity Admin Costs	7/1/2014	6/30/2015	City of Daly City	Administration Costs			N
23	Various properties	Property Dispositions	2/4/2015	6/30/2016	Kosmont Companies	Property management plan		18,000	N
24	2099 - 2147 Junipero Serra Boulevard	Remediation	1/1/2015	6/30/2016	County of San Mateo	Review and monitor remediation clean-up		4,000	N
28	Various properties	Professional Services	1/20/2016	1/20/2017	Elisa Tierney	Property Dispositions		75,000	N
27									N
28									N
29									N

*Consists of the Following: Amended 1978 Loan (\$5,380,290.00); 1985 Loan (\$12,767,316.53); 1987 Loan (\$5,545,000); accumulated interest (\$3,252,053.66)

Daily City Recognized Obligation Paym

July 1, 2016 thr
(Report Amount)

A	B	C	D	E	F	G	H	I	J
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired
		Bond Funded Project - Housing							
		Bond Funded Project - Pre-2011							
		Bonds Issued After 12/31/10							
		Bonds Issued On or Before 12/31/10							
		Bond Reimbursement Agreements							
		Business Incentive Agreements							
		CD85/HUD Repayment to City/County							
		City/County Loans After 6/27/11							
		City/County Loan (Prior 06/28/11), 3rd party agmt-infrastructure							
		City/County Loan (Prior 06/28/11), property transaction							
		City/County Loan (Prior 06/28/11), Other							
		Dissolution Audits							
		Fees							
		Housing Entity Admin Cost							
		Improvement/Infrastructure							
		Legal							
		Litigation							
		LI/MIHF Loans							
		Miscellaneous							
		OPA/DDA/Construction							
		Professional Services							
		Project Management Costs							
		Property Dispositions							
		Property Maintenance							
		Reentered Agreements							
		Refunding Bonds Issued After 6/27/12							
		Remediation							

*Consists of the Following: Amended 1978 Loan (\$5,380,290.00); 1985 Loan (\$12,767,316.53); 1987 Loan (\$5,545,000); accumulated interest (\$3,252,053.66)

Daily City Recognized Obligation Paym

July 1, 2016 thr

(Report Amount

A	B	C	D	E	F	G	H	I	J
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired

Reserves

Revenue Bonds Issued After 12/31/10
 Revenue Bonds Issued On or Before 12/31/10
 RPTTF Shortfall
 SERAF/ERAF

*Consists of the Following: Amended 1978 Loan (\$5,380,290.00); 1985 Loan (\$12,767,316.53); 1987 Loan (\$5,545,000); accumulated Interest (\$3,252,053.66)

ent Schedule (ROPS 16-17) - ROPS Detail
 ough June 30, 2017
 s in Whole Dollars

K	L	M	N	O	P	Q	R	S	T	U	V	W												
													16-17A						16-17B					
													Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balances	Other Funds	Non-Admin	Admin	16-17B Total													
\$ 1,046,306	\$ -	\$ -	\$ 149,450	\$ 497,408	\$ 125,000	\$ 771,856	\$ -	\$ -	\$ 149,450	\$ -	\$ 125,000	\$ 274,450												
\$ 250,000					\$ 125,000						\$ 125,000													
\$ 4,600			2,300			2,300			2,300															
\$ 1,800			900			900			900															
\$ 2,700			1,350			1,350			1,350															
\$ -																								
\$ -																								
\$ 1,400			700			700			700															
\$ 300			150			150			150															
\$ 1,500			750			750			750															
\$ 3,600			1,800			1,800			1,800															
\$ 4,000			2,000			2,000			2,000															
\$ 40,000			20,000			20,000			20,000															
\$ 10,000			5,000			5,000			5,000															
\$ 10,000			5,000			5,000			5,000															
\$ 122,000			61,000			61,000			61,000															
\$ 18,000			9,000			9,000			9,000															
\$ 4,000			2,000			2,000			2,000															
\$ 75,000			37,500			37,500			37,500															
\$ -																								
\$ -																								
\$ -																								

*Consists of the Following: Amended 1978 Loan (\$5,380,290.00); 1985 Loan (\$12,767,316.53); 1987 Loan (\$5,545,000); accumulated interest (\$3,252,053.66)

Daily City Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), 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 <u>CASH BALANCE TIPS SHEET</u> .											
A	B	C	D	E	F	G	H	I	Fund Sources		Comments
									Bond Proceeds	Reserve Balance	
		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				
Cash Balance Information by ROPS Period											
ROPS 15-16A Actuals (07/01/15 - 12/31/15)											
1	Beginning Available Cash Balance (Actual 07/01/15)			388,400	117,175	118,530	16,654				
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015					25,729					
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)										
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			388,400	117,175	16,867					
5	ROPS 15-16A RPTTF Balances Remaining										
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 127,292	\$ 16,654				
ROPS 15-16B Estimate (01/01/16 - 06/30/16)											
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ 388,400	\$ 117,175	\$ 127,292	\$ 16,654				
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016					70,000					
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)					288,900					
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)			388,400	117,175		16,654				
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ (101,608)	\$ -				

Daly City Recognized Obligation Payment Schedule (ROPS 16-17) - Notes July 1, 2016 through June 30, 2017

Item #	Notes/Comments
Note 1	
	On the Report of Cash Balances - the \$388,400 cash retained on Other Funds consists of amounts retained in calculating LMIHF cash balance based on DDR:
	\$ 234,350 for HELP loan sinking fund
	150,000 for security deposit per the Third Implementation Agreement to the Development Agreement dated October 11, 2010 (item #8)
	700 for security deposit on 135 Accacia (item #9)
	3,350 for security deposit on 260 Abbot (item #11)
	<u>\$ 388,400</u>
	The \$117,175 RPTTF cash retained is for the HELP loan sinking fund (ROPS 3).

RESOLUTION NO. OB 16-__

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY OF THE CITY OF DALY CITY APPROVING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD
JULY 1, 2016 – JUNE 30, 2017**

WHEREAS, pursuant to Resolution No. 12-11, adopted by the City Council of the City of Daly City on January 23, 2012, the City of Daly City agreed to serve as the successor agency to the Daly City Redevelopment Agency (“Successor Agency”) commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill xl 26; and

WHEREAS, pursuant to Health and Safety Code section 34177(o), by February 1, 2016, the Successor Agency is required to submit to the Department of Finance (DOF) an Oversight Board-approved Recognized Obligation Payment Schedule (ROPS) listing Successor Agency enforceable obligations and expenses for the period from July 1, 2016 to June 30, 2017; and

WHEREAS, Successor Agency staff prepared a ROPS for this period and submitted it to the Oversight Board for review and approval as required by Health and Safety Code Section 34177(l)(2)(B); and

WHEREAS, the Oversight Board met at a duly-noticed public meeting on January 26, 2016 to consider the obligations listed on the ROPS 16-17, and consider approval of the ROPS 16-17; and

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Daly City, as follows:

1. The Oversight Board hereby approves the ROPS 16-17 for the period July 1, 2016 through June 30, 2017, including the Successor Agency Administrative Budget, in the form presented to the Oversight Board.
2. The staff of the Successor Agency is hereby directed to submit the ROPS to DOF, the State Controller and the County Auditor, and post the ROPS on the Successor Agency’s website in accordance with Health and Safety Code Section 34177(l)(2)(C), and to cooperate with DOF to the extent necessary to obtain DOF’s acceptance of the ROPS.
3. The Executive Director and her designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

* * * * *

I hereby certify the foregoing to be a true copy of a Resolution adopted by the Oversight Board of the Successor Agency to the former Daly City Redevelopment Agency, Daly City, California at a special meeting thereof held on the 26th day of January, 2016, by the following vote of the members thereof:

AYES:

NOES:

ABSENT:

SECRETARY

APPROVED:

CHAIRPERSON

EXHIBIT "A"

**Successor Agency to the Daly City Redevelopment Agency
Fiscal Year 2016-17 Administrative Budget**

Staff costs (management, fiscal, secretarial)

General Administration

City Manager	\$33,000
City Clerk	1,000
Administrative Secretary	1,000
City Attorney	40,000
Assistant City Attorney	23,000
Director of Economic & Community Development	16,000
Director of Finance	26,000
Deputy Director of Finance	19,000
Financial Services Manager	15,000

TOTAL STAFF COSTS: \$192,000

Professional services

• Legal costs	\$190,000
-Burke, Sorenson Law firm	
-Hansen, Bridgette Law Firm	
• Accounting/Audit	\$7,000

Miscellaneous expenses
(eg., postage, records management, office supplies and operation) \$1,000

Total Projected Administrative Budget: \$390,000

Administrative Budget Allowed (Health and Safety Code 34171) \$250,000

Oversight Board Agenda Report
Successor Agency to the
Daly City Redevelopment Agency

Item # 3

Meeting Date: January 26, 2016

Subject: Resolution Reinstating and Affirming Loans made by the City of Daly City to the Redevelopment Agency of the City of Daly City were for legitimate redevelopment purposes, and approving repayment of the loans in accordance with the provisions of California Health & Safety Code §34191.4(b).

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution finding that loans made by the City of Daly City to the Redevelopment Agency of the City of Daly City were for legitimate redevelopment purposes, and approving repayment of the loans in accordance with the provisions of California Health & Safety Code §34191.4(b).

EXECUTIVE SUMMARY

Assembly Bill 1484, as amended by SB 107, provides that once a successor agency receives a Finding of Completion, it is eligible to reinstate a loan made to the former redevelopment agency by the sponsoring city provided that the oversight board determines that the loan was made for legitimate redevelopment purposes.

On December 1, 2015, the Oversight Board adopted Resolution 15-7, which approved the reinstatement of a loan, and each transaction made by the City of Daly City to fund capital improvements in the redevelopment project areas, with a principal balance of \$23,692,606.53. On January 15, 2015, the Department of Finance sent the Successor Agency a Partial Approval of Oversight Board Action ("Partial Approval"). In the Partial Approval, the Department of Finance directed the Oversight Board to consider whether a March 27, 1978 Loan Agreement and a February 18, 1987 Loan Agreement were made for legitimate redevelopment purposes. All of the transactions that comprise the 1978 Loan Agreement and the 1987 Loan Agreement were included in the previous loan reinstatement approved from the Oversight Board on December 1, 2015. The proposed Resolution, therefore, seeks to reinstate the 1978 Loan Agreement as Amended by the 1985 Loan Agreement and the 1987 Loan Agreement.

The total principal loan balance to be repaid remains unchanged from the Oversight Board's prior approval on December 1, 2015. The total principal loan balance is \$23,692,606.53, which is comprised of \$5,380,290.00 in principal due under the Amended 1978 Loan, \$5,545,000 in principal due under the 1987 Loan, and \$12,767,316.53 in principal due under the previously reinstated 1985 Loan. The transactions covered by each of the Amended 1978 Loan and 1987 Loan are detailed in

Oversight Board Agenda Report

Subject: Adopting Resolution Approving Agreement to Re-Establish Loans Between City of Daly City and Redevelopment Agency of the City of Daly City Pursuant to California Health & Safety Code section 34191.4(b)

Meeting Date: January 26, 2016

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Exhibit A to the proposed Oversight Board Resolution. If reinstated, these loans would be repaid in accordance with the provisions of SB 107.

BACKGROUND AND ANALYSIS

Pursuant to Community Redevelopment Law, cities were authorized to make loans for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the city, and redevelopment agencies were authorized to borrow money from their sponsoring jurisdiction to undertake redevelopment projects located within the redevelopment agency's jurisdiction.

Consistent with the foregoing authority, on March 27, 1978, the City of Daly City and Redevelopment Agency of the City of Daly City (the "Redevelopment Agency") entered into a repayment contract for the purpose of setting the terms for the repayment of funds advanced by the City to the Redevelopment Agency to assist in the redevelopment of the Project Areas, including the funding of capital improvement projects. On December 27, 1985, the City adopted a new loan and amended the 1978 Loan to include the terms in the new loan, which were set forth via a Reimbursement Agreement, which was approved in City Council Resolution No. 85-359 for the purpose of advancing funds to assist in the revitalization of the redevelopment project areas, including the funding of capital improvement projects within such areas. Thereafter, the City continued to advance the Redevelopment Agency funds for redevelopment activities in the project areas thereby increasing the value of the Loans. The City also conveyed to the Redevelopment Agency real property owned by the City, and in exchange, the parties acknowledged an increase in the Redevelopment Agency's Loan obligation to the City based on the value of the real property conveyed. In addition, the City made a loan to the Redevelopment Agency on February 18, 1987, for a principal amount of \$5,545,000 for the purpose of acquiring real property.

Pursuant to Health and Safety Code Section 34191.4(b), once a successor agency has received a Finding of Completion pursuant to Health and Safety Code Section 34179.7, loan agreements entered into between the redevelopment agency and the entity that created the redevelopment agency ("Sponsoring Jurisdiction Loans") are deemed to be enforceable obligations provided that the successor agency's oversight board makes a finding that the Sponsoring Jurisdiction Loans were for legitimate redevelopment purposes. The Successor Agency to the Daly City Redevelopment Agency ("Successor Agency") received a Finding of Completion on December 5, 2014.

Oversight Board Agenda Report

Subject: Adopting Resolution Approving Agreement to Re-Establish Loans Between City of Daly City and Redevelopment Agency of the City of Daly City Pursuant to California Health & Safety Code section 34191.4(b)

Meeting Date: January 26, 2016

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Health and Safety Code Section 34191.4(b)(2), as revised by SB 107, defines “loan agreement” as the following:

(A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.

(B) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred a real property interest to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the city, county, or city and county that created the former redevelopment agency for the real property interest.

Health and Safety Code Section 34191.4(b)(3) provides that: “If the oversight board finds that the loan is an enforceable obligation, any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years. Moneys repaid shall be applied first to the principal, and second to the interest.”

As of December 1, 2015, the total principal balance of the Amended 1978 Loan, the 1985 Loan Agreement, and the 1987 Loan Agreement is \$23,692,606.53.

RECOMMENDATION

Staff recommends that the Oversight Board approve the attached Resolution which (i) includes a finding that the Amended 1978 Loan and the 1987 Loans were made for legitimate redevelopment purposes, and (ii) authorizes the repayment of the Loan and the placement of the Loan repayments on the Successor Agency’s ROPS until the Loans are repaid in full.

Oversight Board Agenda Report

Subject: Adopting Resolution Approving Agreement to Re-Establish Loans Between City of Daly City and Redevelopment Agency of the City of Daly City Pursuant to California Health & Safety Code section 34191.4(b)

Meeting Date: January 26, 2016

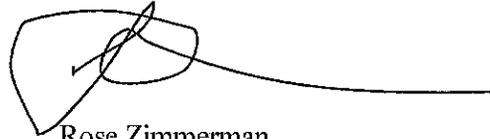
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Staff is available to provide any additional information desired by the Board.

Respectfully submitted,



Lawrence Chiu
Director of Finance
Successor Agency to Former
Daly City Redevelopment Agency
City of Daly City



Rose Zimmerman
City Attorney/Agency Counsel
Successor Agency to Former
Daly City Redevelopment Agency
City of Daly City

Attachments:

- Draft Resolution w/ Exhibit "A"

RESOLUTION NO. OB15-__

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DALY CITY APPROVING AND REAFFIRMING REINSTATEMENT OF CITY LOANS MADE TO THE FORMER REDEVELOPMENT AGENCY AND FINDING THAT CITY LOANS WERE MADE FOR A LEGITIMATE REDEVELOPMENT PURPOSE

WHEREAS, pursuant to authority granted under Community Redevelopment Law (California Health and Safety Code Section 33000 *et seq.*) ("CRL"), the former City of Daly City Redevelopment Agency ("Redevelopment Agency") had responsibility to implement the Redevelopment Plans for the Mission Street and Bayshore Project Areas (collectively, the "Project Areas"); and

WHEREAS, pursuant to Resolution No. 12-11, adopted by the City Council of the City of Daly City ("City Council") on January 23, 2012, the City of Daly City ("City") agreed to serve as the successor agency to the Redevelopment Agency ("Successor Agency") commencing upon dissolution of the Redevelopment Agency on February 1, 2012 pursuant to Assembly Bill xl 26; and

WHEREAS, pursuant to Health and Safety Code Section 33220, the City was authorized to assist the Redevelopment Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, and operation of redevelopment projects located within the jurisdiction of the City, upon the terms and with or without consideration as the City determined; and

WHEREAS, pursuant to Health and Safety Code Section 33445, the Redevelopment Agency was authorized to enter into agreements with the City pursuant to which the Redevelopment Agency would agree to reimburse the City for funds provided by the City for the cost of installation and construction of public improvements, structures and facilities located within or outside the Project Areas; and

WHEREAS, pursuant to Health and Safety Code Sections 33132 and 33601, the Redevelopment Agency was authorized to borrow money and accept financial assistance from the City for redevelopment projects located within the Redevelopment Agency's jurisdiction; and

WHEREAS, consistent with the foregoing authority, and pursuant to Redevelopment Agency Resolution No. RA-39, the City and Redevelopment Agency entered into a Repayment Contract dated March 27, 1978 ("1978 Loan Agreement"), for the purpose of setting the terms for the repayment of funds advanced by the City to the Redevelopment Agency to assist in the redevelopment of the Project Areas, including the funding of capital improvement projects, with additional cash advances and property transfers from time to time during the period of 1978 through 2005.

WHEREAS, consistent with the foregoing authority, and pursuant to City Council

Resolution No. 85-359, the City amended the 1978 Loan ("Amended 1978 Loan") and made a new loan ("1985 Loan") to the Redevelopment Agency, dated December 27, 1985. The principal on the Amended 1978 Loan is equal to a total amount of \$5,380,290.00 (See Exhibit A, attached hereto and incorporated herein).

WHEREAS, consistent with the foregoing authority, and pursuant to City Council Resolution No. 87-26 and Redevelopment Agency Resolution No. RA-160, the City made a loan to the Redevelopment Agency, dated February 18, 1987, in the original aggregate amount of \$5,545,000 for the purpose of making cash advances to assist in the redevelopment of the Project Areas ("1987 Loan"). The principal amount on the 1987 Loan is \$5,545,000 (See Exhibit A).

WHEREAS, the Successor Agency received a Finding of Completion on December 4 2014; and

WHEREAS, on December 1, 2015, the Oversight Board reinstated the 1985 Loan Agreement. The total amount of the Loan reinstated by the Oversight Board on December 1, 2015 was \$23,692,606.53.

WHEREAS, after approval by the Oversight Board, the Successor Agency submitted the Resolution Reinstating the 1985 Loan to the Department of Finance for approval.

WHEREAS, on January 15, 2015, the Department of Finance sent the Successor Agency a Partial Approval of Oversight Board Action ("Partial Approval"). In the Partial Approval, the Department of Finance requested the Oversight Board to consider whether a March 27, 1978 Loan Agreement and a February 18, 1987 Loan Agreement were made for legitimate redevelopment purposes.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Daly City, as follows:

1. The Oversight Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the adoption of this Resolution.
2. The Oversight Board hereby finds and determines that the Amended 1978 Loan and the 1987 Loan were made for legitimate redevelopment purposes, and constitute valid loans under Health and Safety Code Section 34191.4.
3. The Executive Director and her designees are authorized to take such further actions as may be necessary to carry out the intent of this Resolution.

I hereby certify the foregoing to be a true copy of a Resolution adopted by the Oversight Board of the Successor Agency to the former Daly City Redevelopment Agency, Daly City, California at a special meeting thereof held on the 22nd day of January, 2016, by the following vote of the members thereof:

AYES, and in favor thereof: _____

NOES: _____
ABSENT: _____

SECRETARY

APPROVED:

CHAIRPERSON

Exhibit A

Transaction Descriptions

Below are detailed descriptions of each transaction listed on Exhibit A to the Oversight Board Resolution previously adopted by the Oversight Board on December 1, 2015.

Tab #	Transaction Date	Transaction Amount	Transaction Description	Loan Agreement
8	1/26/1987	\$ 5,545,000.00	<p>In January 1987, the City advanced the RDA funds for the purchase of real property identified by Assessor Parcel Numbers ("APN" or "APNs) 002-030-302, 002-035-352, 002-034-342, 002-029-292, 002-028-282, 002-036-362, and commonly known as the Southern Pacific Property. The cost to the RDA of acquiring this property was funded with money advanced as a loan by the City, which was advanced to the RDA in two lump sums (\$1,700,000 and \$3,845,000.00). The advance is documented in Resolutions RA-144, RA-160, and 87-26. The advance is also documented by Budget Transfer/Adjustment ledgers maintained by the City, a promissory note, and a loan agreement between the parties.</p>	<p>1987 Loan Agreement</p>
20	1/25/1999	\$ 875,290.00	<p>In January 1999, the City conveyed to the RDA real property identified by APN 022-362-150. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$875,290.00. This property transfer and increased loan obligation is documented in Resolution 99-476, and other records associated with the City's advances to the RDA for the Mission Street Project. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.</p>	<p>Amended 1978 Loan Agreement</p>

21	2/28/2000	\$ 1,250,000.00	<p>In February 2000, the City conveyed to the RDA real property identified by APNs 006-181-100 and 006 -191-130, and commonly known as 87th and Edgeworth. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$1,250,000.00. This property transfer and increased loan obligation is documented in Resolution RA-00-511, and other records associated with the City's advances to the RDA for the Mission Street Project. The transaction is also supported by a Grant Deed between the City and RDA. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.</p>	Amended 1978 Loan Agreement
23	3/28/2005	\$ 1,195,000.00	<p>In March 2005, the City conveyed to the RDA real property identified by APNs 003-072-080, 003-072-090, 003-072-100 and 003-072-200. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$1,195,000.00. This property transfer and increased loan obligation is documented in Resolution RA-05-54, and other records associated with the City's advances to the RDA for the Mission Street Project. The transaction is also supported by a Grant Deed between the City and RDA. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.</p>	Amended 1978 Loan Agreement
24	5/9/2005	\$ 860,000.00	<p>In May 2005, the City conveyed to the RDA real property commonly known as South of Vista Avenue between Mission Street and Hillside Boulevard. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$860,000.00. This property transfer and increased loan obligation is documented in Resolution RA-05-86, and other records associated with the City's advances to the RDA for the Mission Street Project. The transaction is also supported</p>	Amended 1978 Loan Agreement

				by a Grant Deed between the City and RDA. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.	
29	7/11/2005	\$1,010,000.00		In July 2005, the City conveyed to the RDA real property identified as APNs 005-123-170 and 005-124-060, and commonly known as 125 Accacia Street and 2960 Geneva Avenue. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$1,010,000.00. This property transfer and increased loan obligation is documented in Resolutions RA-05-127 and RA-05-648, and other records associated with the City's advances to the RDA for the Mission Street Project. The transaction is also supported by a Grant Deed between the City and RDA. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.	Amended 1978 Loan Agreement
31	10/8/2001	\$ 190,000.00		In October 2001, the City conveyed to the RDA real property identified as APN 003-160-230. In exchange for this conveyance, the parties acknowledged an increase in the RDAs loan obligation to the City by a sum of \$190,000.00. This property transfer and increased loan obligation is documented in Resolution RA01-566, and is also supported by a Grant Deed between the City and RDA. The interest and repayment of this transaction is governed by the 1978 Payment Contract and the 1985 Agreement.	Amended 1978 Loan Agreement

Principal Aggregate Amount of Amended 1978 Loan Agreement: \$5,380,290.00

Principal Aggregate Amount of 1987 Loan Agreement: \$5,545,000.00