

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 8

Date: February 13, 2013

TO: Honorable Mayor and Members of the Successor Agency

FROM: Gilbert Rojas, Director of Finance

SUBJECT: Adoption of Resolution No. 2013-21 and 2013-26 R Approving Recognized Obligation Payment Schedule (ROPS) for July 2013 thru December 2013 and Approving a Loan Agreement Between the City and Redevelopment Successor Agency

RECOMMENDATION:

It is requested that Council approve Resolution No. 2013-21 and 2013-26 R to adopt the Recognized Obligation Payment Schedule (ROPS 13-14A) so the Successor Agency may continue to make payments due for enforceable obligations and also approve a loan agreement between the City and the Successor Agency for the purpose of short term cash flow needs.

FISCAL ANALYSIS:

The Successor Agency is responsible for submitting to the Oversight Board a payment schedule for obligations of the Redevelopment Agency. The Oversight Board will forward this payment schedule to the State for approval and to the County of San Diego for payment. However, the amount of funds available from the County Redevelopment Property Tax Trust Fund (RPTTF) is not enough to satisfy the Successor Agency debt. A short term loan will help cash flow issues and the loan will become an enforceable obligation for Successor Agency payment. The loan document will be sent to the State Department of Finance for approval before any funds are transferred. The initial loan amount should be a "not to exceed" \$4.3 million.

PREVIOUS ACTION:

This is the fourth Recognized Obligation Payment Schedule approved by the City.

BACKGROUND:

As part of the State's Dissolution of Redevelopment, the City as Successor Agency is required to adopt a Recognized Obligation Payment Schedule. This Obligation Schedule lists payments to be made in the July 2013 to December 2013 period. These payments are for the 1992 Revenue Bonds (\$2,240,000), 2007A and B Lease Revenue Bonds (\$4,390,973), bond expenses (\$9,500), CalHFA Loans (\$2,405,000), Successor Agency property management costs (\$86,000), loan repayment to the General Fund (\$500,000) and administrative costs (\$286,364) of the City.

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The approved enforceable obligations will be more than is available from the County of San Diego Redevelopment Property Tax Trust Fund. The State Department of Finance has suggested the use of a loan from the City to the Agency pursuant to Health and Safety Code section 34173(h) to bridge the cash flow gap.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gilbert Rojas", written in a cursive style.

Gilbert Rojas,
Director of Finance

RESOLUTION NO. 2013-21

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AS THE SUCCESSOR AGENCY TO THE
ESCONDIDO REDEVELOPMENT AGENCY
ADOPTING A RECOGNIZED SCHEDULE OF
ENFORCEABLE OBLIGATIONS FOR THE
PERIOD OF JULY 2013 TO DECEMBER 2013
PURSUANT TO HEALTH AND SAFETY
CODE SECTION 34177**

WHEREAS, pursuant to authorizing Resolution No. 2012-16, the City Council of the City of Escondido elected to serve as the Successor Agency and Successor Housing Agency to the Escondido Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34177, successor agencies are required to make payments due for enforceable obligations and adopt a Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, pursuant to Health and Safety Code Section 34177, a ROPS must be adopted that lists all of the obligations that are enforceable within the meaning of Health and Safety Code Section 34167(d) must thereafter be reviewed by other entities, updated, and published in a specific manner; and

WHEREAS, it is the intention of the City Council of the City of Escondido as the Successor Agency to the Escondido Redevelopment Agency to adopt the ROPS so that the Successor Agency may continue to make payments due for enforceable obligations.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the City Council, as the Successor Agency to the Escondido Redevelopment Agency, hereby adopts the ROPS for the period of July 2013 to December 2013, which is attached hereto as Exhibit "A" and incorporated by this reference.

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **ESCONDIDO (SAN DIEGO)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$79,781,178

Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$86,000
B Enforceable Obligations Funded with RPTTF	\$9,545,473
C Administrative Allowance Funded with RPTTF	\$286,364
D Total RPTTF Funded (B + C = D)	\$9,831,837
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$9,917,837
F Enter Total Six-Month Anticipated RPTTF Funding	\$6,838,191
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	(\$2,993,646)

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
H Enter Estimated Obligations Funded by RPTTF (lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)	\$5,018,229
I Enter Actual Obligations Paid with RPTTF	\$10,039,845
J Enter Actual Administrative Expenses Paid with RPTTF	\$154,581
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$0
L Adjustment to RPTTF (D - K = L)	\$9,831,837

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code,

I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

/s/ _____

Signature _____ Date _____

Clay Phillips _____

Name _____ Title _____

Oversight Board Chairman

ESCONDIDO (SAN DIEGO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (NOPS 13-14A)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2013-14	Bond Proceeds	Reserve Balance	Admin Allowance	RPTT	Other	Six Month Total
1	1992 Revenue & Cap. Appr. Bonds	1/30/1992	9/1/2013	Bank of New York	Bond Payment	Esc. Reser.	\$79,781,178	\$11,493,197	\$0	\$0	\$286,364	\$9,545,473	\$48,000	\$9,917,837
2	2007A Lease Revenue Bonds	1/25/2007	9/1/2018	Bank of New York	Bond Payment	Esc. Reser.		2,240,000	0	0	0	2,240,000	0	2,240,000
3	2007B Lease Revenue Bonds	1/25/2007	9/1/2018	Bank of New York	Bond Payment	Esc. Reser.		3,050,000	0	0	0	3,050,000	0	3,050,000
4	Bond Expense	1/25/1992, 1/25/2007	9/1/2018	Bank of New York	Bond Trustee Admin. Fees	Esc. Reser.		3,587,315	0	0	0	3,587,315	0	3,587,315
5	Bond Debt Obligation Reserve	1/25/1992, 1/25/2007	9/1/2018	Bank of New York	Payment per AS 104A Section 341716(1)(A)	Esc. Reser.		9,500	0	0	0	9,500	0	9,500
6	Bond Debt Obligation Reserve	8/15/1994	12/31/2035	City of Escondido	Capital Improvement	Esc. Reser.		0	0	0	0	0	0	0
7	Loan Repayment to General Fund	8/15/1994	12/31/2035	City of Escondido	Capital Improvement	Esc. Reser.		50,000	0	0	0	50,000	0	50,000
8	Loan Repayment to Housing Set Aside Fund	8/15/1994	4/30/2016	City of Escondido	HRA Payment	Esc. Reser.		694,978	0	0	0	694,978	0	694,978
9	CalHEFA Loans	10/31/2003, 6/11/2006	8/30/2018	CalHEFA	Affordable Housing Projects	Esc. Reser.		4,515,000	0	0	0	2,405,000	0	2,405,000
10	Employee Costs-Admin. Fee	7/1/2011	9/30/2018	Employees of City of Escondido	Administration	Esc. Reser.		286,364	0	0	286,364	0	0	286,364
11	Pass Through Agreement			North County Cemetery District	Payment per 23A02, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
12	Pass Through Agreement			Palmieri Pomeroy Health	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
13	Pass Through Agreement			San Marcos Unified School District	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
14	Pass Through Agreement			Palmieri Community College	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
15	Pass Through Agreement			Escondido Elementary School District	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
16	Pass Through Agreement			Escondido Union High School District	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
17	Pass Through Agreement			SD County Superior Court of Escondido	Payment per Settlement Agreement, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
18	Pass Through Agreement			Reason Del Duque MW	Payment per 23A01, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
19	Pass Through Agreement			City of Escondido	Payment per 23A07, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
20	Pass Through Agreement			Resource Cons. Dist. of Greenes SD	Payment per 23A07, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
21	Pass Through Agreement			Volunteer Water District	Payment per 23A07, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
22	Pass Through Agreement			SD County Water Authority	Payment per 23A07, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
23	Pass Through Agreement			Metropolitan Water District	Payment per 23A07, PP O/S Amount	Esc. Reser.		0	0	0	0	0	0	0
24	Utilities	5/31/2012	At sale of property	Various	Successor Agency Property Management costs	Esc. Reser.		12,000	0	0	0	12,000	0	12,000
25	Property Management Expenses	1/25/2013	At sale of property	Various	Program Administration	Esc. Reser.		80,000	0	0	0	80,000	0	80,000
26	Loan Repayment to General Fund	8/15/1994	12/31/2035	City of Escondido	Program Administration	Esc. Reser.		500,000	0	0	0	500,000	0	500,000

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Resolution 2013-21
Exhibit "A"
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SUCCESSOR AGENCY CONTACT INFORMATION

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Exhibit "A"
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Successor Agency

ID: 283
County: San Diego
Successor Agency: Escondido

Primary Contact

Honorific (Ms, Mr, Mrs)

First Name

Last Name

Title

Address

City

State

Zip

Phone Number

Email Address

Mr.

Gil

Rojas

Director of Finance

201 North Broadway

Escondido

CA

92025

760-839-4322

grojas@ci.escondido.ca.us

Secondary Contact

Honorific (Ms, Mr, Mrs)

First Name

Last Name

Title

Phone Number

Email Address

Mrs.

Joan

Ryan

Finance Manager

760-839-4338

jryan@ci.escondido.ca.us

RESOLUTION NO. 2013-26 R

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AND AS SUCCESSOR AGENCY TO THE
ESCONDIDO REDEVELOPMENT AGENCY,
APPROVING A LOAN AGREEMENT BETWEEN
THE CITY AND THE SUCCESSOR AGENCY
UNDER HEALTH AND SAFETY CODE
SECTION 34173(h) FOR AB 1484
AUTHORIZED ENFORCEABLE OBLIGATIONS
AND ADMINISTRATIVE EXPENDITURES**

WHEREAS, pursuant to authorizing Resolution No. 2012-16, the City Council of the City of Escondido elected to serve as the Successor Agency and Successor Housing Agency to the Escondido Redevelopment Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34177, successor agencies are required to make payments due for enforceable obligations and adopt a Recognized Obligation Payment Schedule ("ROPS"); and

WHEREAS, pursuant to Health and Safety Code Section 34177, a ROPS must be adopted that lists all of the obligations that are enforceable within the meaning of Health and Safety Code Section 34167(d) must thereafter be reviewed by other entities, updated, and published in a specific manner; and

WHEREAS, with the Oversight Board's approval, Health and Safety Code section 34173(h) permits the City to loan the Successor Agency funds to pay the Successor Agency's enforceable obligations, administrative costs, and project-related expenses; and

WHEREAS, with the Oversight Board's approval, Health and Safety Code

Section 34173(h) permits the City to loan the Successor Agency funds to pay the Successor Agency's enforceable obligations, administrative costs, and project related expenses; and

WHEREAS, the City and the Successor Agency have prepared an agreement (a copy of which is attached as Exhibit "A" and incorporated by this reference), providing for a loan from the City to the Successor Agency in an amount not to exceed Four Million Three Hundred Dollars (\$4,300,000);

THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. The City Council authorizes the City Manager or his designee to execute the Loan Agreement on behalf of the City, and acting as the Successor Agency, authorizes the City Manager or his designee to execute the Loan Agreement on behalf of the Successor Agency, upon approval of the Oversight Board and the State Department of Finance. The City Manager is further authorized, with the concurrence of the City Attorney, to approve technical, non-substantive amendments to the Loan Agreement on the City's behalf or the Successor Agency's behalf and to otherwise carry out the actions authorized by this Resolution.
3. The City Council directs that the Loan be funded from the City's General Fund. This Loan amount is to be repaid to the General Fund upon the terms of the Loan Agreement, including interest and will be included on each successive ROPS for the Successor Agency until the City is repaid the full Loan Amount.

**LOAN AGREEMENT BETWEEN THE CITY OF ESCONDIDO
AND THE CITY OF ESCONDIDO AS SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF ESCONDIDO**

This LOAN AGREEMENT ("Agreement") is entered into as of February 13, 2013 and is made by and between the CITY OF ESCONDIDO, a municipal corporation ("City") and the CITY OF ESCONDIDO AS SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ESCONDIDO, a public body corporate and politic ("Successor Agency").

RECITALS

A. The City is a municipal corporation organized and operating under the laws of the State of California.

B. The Successor Agency is a separate public entity, corporate and politic, organized and operating under provisions of the California Health and Safety Code

C. Health and Safety Code Section 34177(a) provides for the Successor Agency to make payments due for enforceable obligations, as defined, and subject to certain procedures.

D. Prior to making any payments for an enforceable obligation, the law requires the Successor Agency to prepare a Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period, on which must be listed all of the enforceable obligations which are to be paid.

E. The Successor Agency approved a ROPS for the July to December 2012 ("ROPS II") which was approved by the Oversight Board on May 1, 2012 and thereafter the State of California Department of Finance on May 17, 2012.

F. On June 1, 2012, the County of San Diego Auditor – Controller remitted \$5,018,229 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency. These funds combined with \$3,412,790 cash on hand already held by the Successor Agency were for the purpose of paying \$10,039,845 in enforceable obligations and \$154,581 in administrative allowance submitted on ROPS II.

G. The Successor Agency has subsequently adopted a ROPS for the July to December 2013 period ("ROPS 13-14 A"), which was approved by the Oversight Board on February 12, 2013 and will be submitted to the California Department of Finance.

H. On June 1, 2013, it is anticipated that the County of San Diego Auditor-Controller will remit an estimated \$6,838,191 in Redevelopment Property Tax Trust Fund ("RPTTF") money to the Successor Agency to fund \$9,545,473 in enforceable obligations and \$286,364 in administrative allowance submitted on ROPS 13-14A.

I. All prior deposits into the RPTTF and cash on hand held by the Successor Agency are anticipated to be insufficient for the Successor Agency to pay all of the enforceable obligations as identified on ROPS 13-14A, and , the Successor Agency anticipates a cash shortfall of \$4,300,000 to occur between July 1, 2013 and December 31, 2013.

J. Health and Safety Code Section 34173(h) provides that the City may loan funds to the Successor Agency for administrative costs, enforceable obligations, or project-related expenses at the City's discretion, and that the loan must be reflected on the Successor Agency's subsequent Recognized Obligation Payment Schedules which is subject to the approval of the Oversight Board and the California Department of Finance. Such loan agreements are also contracts authorized by Health and Safety Code Sections 34178 and 34180 .

K. Based solely on the authority set forth above, the City is prepared to enter into this agreement to extend a temporary loan ("Loan") to the Successor Agency as provided in this Loan Agreement in an amount not to exceed Four Million Three Hundred Thousand Dollars (\$4,300,000) ("Loan Amount") to be used to pay for enforceable obligations listed on future ROPS, commencing with ROPS 2013-14A.

L. The Successor Agency, in preparing the Recognized Obligation Payment Schedule for the January to June 2014 period ("ROPS 13/14 B"), and will include any amounts loaned as an enforceable obligation. This Loan shall not be effective in any amount not approved by either the Oversight Board or the California State Department of Finance.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the City and Successor Agency agree as follows:

Section 1. *Recitals.* The City and Successor Agency represent and warrant to each other that each of the respective recitals is true and correct and is hereby incorporated into this Agreement by reference as if fully set forth.

Section 2. *Loan.* Provided that the loan conditions set forth in Section 4 are satisfied, the City shall have the authority and the discretion to use City general funds to provide the Successor Agency with the funds in a single amount, or in various amounts, provided the total shall not exceed \$4,300,000 and all such funds shall be loaned on or before September 1, 2013. Interest will be added to actual loan amount outstanding monthly at the State of California Local Agency Investment Fund interest rate (PMIA Average Monthly Effective Yield).

Section 3. *Use of Loan.* The Successor Agency shall use the Loan solely for the purpose of satisfying enforceable obligations as listed specifically on ROPS and only

after such ROPS have been approved by both the Oversight Board and the California State Department of Finance.

Section 4. *Loan Conditioned on Oversight Board Approval.* Prior to making any disbursements described in Section 2, the Successor Agency shall present this Loan Agreement to the Oversight Board for its review and approval of this Agreement, and to the California Department of Finance, in conformity with the Health and Safety Code Sections 34179(h) and 34180.

Section 5. *Source of Repayment: Limited Subordination.*

(A) Except as provided in paragraph (B) below of this Section 5, the Loan shall be repaid on par with any enforceable obligations falling within H&SC Section 34183(a)(2)(C) (debts not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer payment on the Loan during a six-month period covered by a ROPS to the extent that repayment in that period would leave insufficient funds to the Successor Agency to satisfy other contractual obligations covered by H&SC Section 34183(a)(2)(C) which: (i) are due in that six-month period; and (ii) were in existence as of the date of this Agreement.

(C) Unless legally prohibited or waived by the City, any portion of the unpaid Loan shall also be repaid from other revenues available to the Successor Agency, such as the proceeds of asset sales and rents. These payments shall augment and supplement the required payments described in paragraph (A).

Section 6. *Placement of Loan Obligation on the Successor Agency's ROPS 13-14B.* Provided that this Agreement is approved by the Oversight Board (and City and Successor Agency), the Successor Agency shall prepare and approve a ROPS 13-14B that includes this Agreement as a listed enforceable obligation. The amount of that listed enforceable obligation shall be the Loan Amount (or such lesser amount as may be actually advanced to the Successor Agency). The Agreement shall be included on each successive ROPS for the Successor Agency until the City is repaid the full Loan Amount.

Section 7. *Term.* This Agreement shall be in full force and effect from the date hereof until such time as the entire amount of the Loan has been repaid in full.

Section 8. *Entire Agreement.* This Agreement constitutes the entire agreement by and between the parties with respect to the subject matter of this Agreement, and may be amended only in writing.

Section 9. *Remedies.* In the event of a default, the parties hereto shall be entitled to pursue any and all remedies available at law or equity under California law for purposes of enforcing the terms and conditions of this Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of each of the parties on _____, 2013.

CITY:

CITY OF ESCONDIDO, a municipal corporation

By: _____
Gil Rojas, Department of Finance

ATTEST:

By: _____
Diane Halverson, City Clerk

APPROVED AS TO FORM:

By: _____
Jeffrey R. Epp, City Attorney

SUCCESSOR AGENCY:

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ESCONDIDO, a public body, corporate and politic

By: _____
Gil Rojas, Department of Finance

ATTEST:

By: _____
Diane Halverson, City Clerk

APPROVED AS TO FORM:

By: _____
Jeffrey R. Epp, Legal Counsel