



**AGENDA**  
**CITY OF VALLEJO**  
**OVERSIGHT BOARD**  
**FOR THE SUCCESSOR AGENCY**  
**TO THE VALLEJO REDEVELOPMENT**  
**AGENCY**  
**SPECIAL MEETING**

BOARDMEMBERS:  
Erin Hannigan, Chair  
Annette Taylor, Vice-Chair  
Pippin Dew-Costa  
Dr. Ramona Bishop  
LaGuan Lea  
Shane McAfee  
Gary Truelsen

**THURSDAY, SEPTEMBER 24, 2015**  
**8:30 A.M.**

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CITY COUNCIL CHAMBERS, 2<sup>ND</sup> FLOOR  
555 SANTA CLARA STREET, VALLEJO

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This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the Board without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

**Notice of Availability of Public Records:** All public records relating to an open session item, which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to a majority of the Board will be available for public inspection at the City Clerk's Office, 555 Santa Clara Street, Vallejo, CA at the same time that the public records are distributed or made available to the Board. Such documents may also be available on the City of Vallejo website at <http://www.cityofvallejo.net> subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562.

*Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990) and the federal rules and regulations adopted in implementation thereof*

**NOTICE:** Members of the public shall have the opportunity to address the Board concerning any item listed on the agenda *before or during consideration of that item. No other items may be discussed at this special meeting.*

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF THE MINUTES**
  - A. Approval of the Minutes from the June 25, 2015 special meeting
4. **OLD BUSINESS**
  - A. **Adopt a Resolution Approving the First Amendment to Grant Agreement Between the Oversight Board of the City of Vallejo and the Greater Vallejo Recreation District for Development of the North Vallejo Community Center**  
Recommendation: Adopt a resolution approving the First Amendment to Grant Agreement between the Oversight Board of the City of Vallejo and the Greater Vallejo Recreation District (GVRD) for renovation of the North Vallejo Community Center in the amount of \$1,250,000

**5. NEW BUSINESS**

- A. Adopt a Resolution Finding that 2003 COPS City/Redevelopment Agency Pre-Dissolution Loan Was For Legitimate Redevelopment Purposes Pursuant to Health & Safety Code Section 34191.4(b) and Approving the Loan Agreement as an Enforceable Obligation**

Recommendation: Adopt the attached Oversight Board Resolution finding that the 2003 COPS City/Redevelopment Agency pre-dissolution loan was for legitimate redevelopment purposes pursuant to Health and Safety Code Section 34191.4(b) and approving the Loan Agreement as an enforceable obligation

- B. Adopt a Resolution Approving the Recognized Obligation Payment Schedule for January 1, 2016 Through June 30, 2016 (“ROPS 15-16B”)**

Recommendation: Adopt a resolution approving the Recognized Obligation Payment Schedule for January 1, 2016 through June 30, 2016 (“ROPS 15-16B”)

**6. AGENDA ITEMS FOR FUTURE MEETINGS**

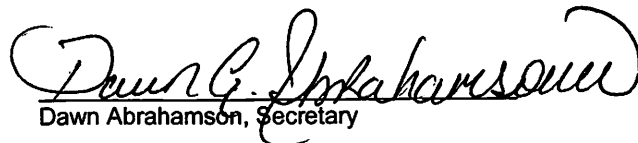
- A. Discussion of Agenda Items for Future Meetings and Future Meeting Dates**

**7. ADJOURNMENT**

**CERTIFICATION:**

I, Dawn Abrahamson, Secretary, do hereby certify that I have caused a true copy of the above notice and agenda to be delivered to each of the members of the Oversight Board for the Successor Agency of the Vallejo Redevelopment Agency, at the time and in the manner prescribed by law and that this agenda was posted at City Hall, 555 Santa Clara Street, CA at 5:00 p.m., Thursday, September 17, 2015.

Dated: September 17, 2015

  
Dawn Abrahamson, Secretary

**CITY OF VALLEJO OVERSIGHT BOARD  
FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY  
SPECIAL MEETING MINUTES  
JUNE 25, 2015**

**1. CALL TO ORDER**

The meeting was called to order by Chair Hannigan at 8:31 a.m.

**2. ROLL CALL**

**Board members Present:** Chair Hannigan (Solano County Board of Supervisors' Appointee), Vice Chair Taylor (member representing Employees of Former Redevelopment Agency Appointee), Boardmembers Lea (Chancellor of California Community College Appointee), McAfee (GVRD, largest Special District Appointee), and Truelsen (Solano County Board of Supervisors' Public Member Appointee)

**Boardmembers Absent:** Boardmember Dew-Costa (Mayor of Vallejo Appointee).

**Staff Present:** Kathleen Diohep, Economic Development Manager; Dawn Abrahamson, Secretary; and Michael Roush, Legal Counsel

**3. SELECTION OF CHAIR & VICE CHAIR**

Recommendation: In accordance with Article III, Section 1 of the Bylaws for the Oversight Board, by motion, election of a Chair and Vice Chair.

**Action:** Moved by Boardmember Truelsen, seconded by Boardmember Lea, and carried unanimously by members present to nominate and elect Boardmember Hannigan as the Chair and Boardmember Taylor as the Vice Chair (Absent: Dew-Costa).

**4. APPROVAL OF THE MINUTES**

**A. Approval of the Minutes from the February 12, 2015 Special Meeting**

**Action:** Moved by Vice Chair Taylor, seconded by Boardmember Lea and carried by unanimous vote of members present, approval of the minutes from the February 12, 2015 special meeting (Absent: Dew-Costa).

**5. OLD BUSINESS – None**

**6. NEW BUSINESS**

**A. Adopt a Resolution Approving the Revised Vallejo Successor Agency's Long Range Property Management Plan**

Recommendation: Adopt a Resolution approving the revised Long Range Property Management Plan and the transfer of properties pursuant to the LRPMP

Economic Development Manager Diohep provided background information since the May 2014 Plan, reviewed the four categories of transfer and outlined today's proposed actions.

Ms. Diohep responded to questions from Boardmembers. Boardmembers provided comment.

**Action:** Moved by Boardmember Truelsen, seconded by Boardmember Lea, and carried unanimously by members present, to adopt Resolution No.15-003 (Absent: Dew-Costa).

**B. Adopt a Resolution Approving the First Amendment to Grant Agreement Between the Successor Agency of the City of Vallejo and the Greater Vallejo Recreation District for Development of the North Vallejo Community Center**

Recommendation: Adopt a resolution approving the First Amendment to Grant Agreement between the Successor Agency of the City of Vallejo and the Greater Vallejo Recreation District for Renovation of the North Vallejo Community Center in the amount of \$1,755,100

Boardmember McAfee recused himself from the matter as he has a conflict of interest related to his employment as the Executive Director of the Greater Vallejo Recreation District and left the Council Chamber for the remainder of the meeting.

Economic Development Manager Diohep provided background information, including grant history, and outlined the proposed recommendation.

Ms. Diohep and a representative from the Greater Vallejo Recreation District responded to questions from Boardmembers.

**Speakers:** Mustafa Abdul-Ghande

Another question and answer period followed. Boardmembers provided comment.

**Action:** Moved by Vice Chair Taylor, seconded by Boardmember Lea, and carried unanimously by members present, to adopt Resolution No. 15-004 and direct staff to work with GVRD to tighten and more adequately define the scope of work and terms of payment, include more specificity in terms of performance deadline dates and request GVRD to conduct outreach efforts to the North Vallejo Community (Abstain: McAfee; Absent: Dew-Costa)

**6. AGENDA ITEMS FOR FUTURE MEETINGS**

**A. Discussion of Agenda Items for Future Meetings and Future Meeting Dates**

Economic Development Manager Diohep reviewed a proposal schedule for future Oversight Board meetings and items for consideration as provided to Boardmembers in a memorandum distributed at the meeting.

**7. ADJOURNMENT**

The meeting adjourned at 9:15 a.m.

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ERIN HANNIGAN, Chair

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DAWN G. ABRAHAMSON, Secretary




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**DATE:** September 24, 2015  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Kathleen Diohep, Economic Development Manager  
**SUBJECT:** ADOPT A RESOLUTION APPROVING THE FIRST AMENDMENT TO GRANT AGREEMENT BETWEEN THE SUCCESSOR AGENCY OF THE CITY OF VALLEJO AND THE GREATER VALLEJO RECREATION DISTRICT FOR DEVELOPMENT OF THE NORTH VALLEJO COMMUNITY CENTER

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### **RECOMMENDATION**

Adopt a resolution approving the First Amendment to Grant Agreement between the Successor Agency of the City of Vallejo and the Greater Vallejo Recreation District (GVRD) for renovation of the North Vallejo Community Center in the amount of \$1,250,000.

### **REASONS FOR RECOMMENDATION**

The North Vallejo Community Center (NVCC) has deteriorated over the years and requires renovations that include a new roof, heating and air conditioning, parking lot, ADA upgrades, new lighting, rest room renovations, flooring, court yard improvements and other necessary repairs. The existing Grant Agreement between the Redevelopment Agency and GVRD contemplated the demolition of the existing community center and construction of a new facility. GVRD is now proposing to extensively renovate the building instead of demolishing it. Amending this grant agreement serves to reduce the existing funding commitment from \$1,755,100 to \$1,250,000.

### **BACKGROUND AND DISCUSSION**

At its June 25, 2015 meeting with Resolution 15-004, the Oversight Board approved a grant amendment with an amount of \$1,755,100. On September 10, 2015, the State of California Department of Finance (DOF) determined it could not approve that action as it did not result in a reduction of liabilities and returned this issue to the Oversight Board for reconsideration.

#### **North Vallejo Community Center**

Under the Master Lease between GVRD and the City of Vallejo, GVRD currently leases and operates the North Vallejo Community Center for the purpose of providing recreation, cultural, educational and vocational programs for people of all ages. The North Vallejo Community Center is located within the Flosden Acres Redevelopment Project Area and was identified as a project to be completed as part of Amendment #2 to the Flosden Acres Redevelopment Plan. Activities at the Center include:

- Community programs
- Youth and adult classes
- Health and employment fairs
- Senior meals and summer youth lunches
- Community outreach meetings,
- After school programs,
- Partnerships with the Boys and Girls clubs and other users and community rentals.

In February 2002, the Redevelopment Agency of the City of Vallejo approved a Grant Agreement between the Redevelopment Agency and the Greater Vallejo Recreation District for the development of the North Vallejo Community Center in the amount of \$1,800,000. The existing facility had become obsolete for its intended purposes and GVRD then proposed to replace the existing facility with a new facility. Prior to Redevelopment Dissolution, \$44,900 was spent on preliminary drawings, leaving a remainder of \$1,755,100.

#### Dissolution Law Context

On June 29, 2011, the Governor signed into law AB1X 26 (the "Dissolution Act") which immediately suspended most activities of Redevelopment Agencies prior to their elimination effective October 1, 2011. A Successor Agency to the City of Vallejo Redevelopment Agency was established with the City Council members sitting as the Board. AB1X 26 also established the Oversight Board to the Successor Agency to the Vallejo Redevelopment Agency to review and approve most actions of the Successor Agency. The grant to GVRD for the North Vallejo Community Center, in the amount of \$1,755,100, was identified as an enforceable obligation of the former Redevelopment Agency, and approved as such by the Successor Agency Board and the Oversight Board. Disbursements to meet this obligation were approved by the Successor Agency, the Oversight Board and the DOF on the Recognized Obligations Payment Schedule (ROPS) for the July 1, 2015 to December 2015 time period.

Health and Safety Code Section 34181(e) allows the Oversight Board to approve any amendments to or early termination of agreements if it finds that amendments or early termination would be in the best interests of the taxing entities. Actions of the Oversight Board are then subject to review of the DOF.

#### Proposed Grant Amendment

The grant contract requires funds were to be expended for the predevelopment, development, construction and expenses related to this project. GVRD was to obtain additional funding needed to complete the demolition and construction of a new facility. GVRD has continued to operate the facility and now proposes to extensively remodel the facility with the remaining grant funds rather than demolish the building. GVRD proposes that it can renovate the facility for a cost of \$1,250,000, resulting in a cost savings of \$505,000 from the prior obligation.

The grant contract, as amended by letter agreement on March 8, 2011 require construction to commence by August 31, 2015. Since early 2015, GVRD has been working closely with Agency Staff to implement this project, including seeking the approvals of this amended grant contract from the Successor Agency (June 22, 2015), the GVRD Board (June 25, 2015) and the Oversight Board (June 24, 2015). In June 2015, the Successor Agency and Oversight Board approved an amended grant agreement allowed for renovation, not replacement of the center, but did not reduce the total contract cost. GVRD closed the center for renovations on September 1, 2015, but has not been able to begin construction until the grant contract was executed, which required Department of Finance approval. The grant contract (Section 5.15) allows for extensions of deadlines, such as the commencement of construction, if the delay is not caused by GVRD's action. However, the terms of the grant and the recognized enforceable obligation require completion of construction by September 1, 2016. The actions proposed today are structured to allow that to occur.

As proposed today, the First Amendment to Grant Agreement reduces the total grant to \$1,250,000 and allows GVRD to spend these funds on renovations of the North Vallejo Community Center that include a new roof, heating and air conditioning, parking lot, ADA upgrades, new lighting, rest room renovations, flooring, court yard improvements and other necessary repairs. The amendment does not change the time frame for use of the funds.

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The Oversight Board criteria for approving a contract amendment is that the amendment must reduce the liabilities of the Successor Agency and is in the best interest of the taxing entities. This amendment reduces the contract amount by \$505,000 and provides improvements that benefit the community and users of the community center allowing for the contract modification consistent with Health and Safety Code Section 34181(e).

#### Next Steps

The amended grant contract will be considered by the GVRD Board of Directors on September 24, 2015, if approved by the Oversight Board today. Subsequent to those action, Agency Staff will submit this action to the DOF for approval. The revised grant agreement will also be approved by the Successor Agency Board as the total grant contract is less that the amount approved by that body on June 22, 2015. Successor Agency review will occur subsequent to DOF approval.

#### FISCAL IMPACT

The ROPS 15-16A (July 1, 2015 to December 31, 2015 includes \$1,755,000 from the Redevelopment Property Tax Trust Fund ("RPTFF"). A lower grant contract amount will result in additional funds being distributed to the taxing agencies.

#### ENVIRONMENTAL REVIEW

This Grant Amendment is a primarily fiscal action which is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378. The proposed remodel of the North Vallejo Community Center is exempt from CEQA pursuant to CEQA Guideline Section 15301 because it is a negligible expansion of an existing use consisting of interior and exterior remodeling and restoration of the facility to bring it up to current safety standards.

#### ATTACHMENTS

1. Attachment A – Resolution
2. Attachment B – First Amendment to Grant Agreement
3. Attachment C -- September 10, 2015 Letter from the Department of Finance

#### CONTACT

Kathleen Diohep, Economic Development Manager, 707-553-7283, [Kathleen.Diohep@cityofvallejo.net](mailto:Kathleen.Diohep@cityofvallejo.net)



OVERSIGHT BOARD RESOLUTION NO. \_\_\_\_\_ N.C.

BE IT RESOLVED by the Oversight Board for the Successor Agency of the City of Vallejo as follows:

THAT WHEREAS, under the Master Lease between the Greater Vallejo Recreation District and the City of Vallejo, the Greater Vallejo Recreation District currently leases and operates the North Vallejo Community Center for the purpose of providing recreation, cultural, educational and vocational programs for people of all ages; and

WHEREAS, the Redevelopment Agency negotiated with the Greater Vallejo Recreation District a Grant Agreement in the amount of \$1,800,000 from the Flosden Acres Redevelopment Project budget in February 2002 for predevelopment, development, construction and expenses related to the demolition of the existing facility and the construction of a new facility; and

WHEREAS, this project is located within the Flosden Acres Redevelopment Project Area and had been identified as a project to be completed as part of Amendment #2 to the Flosden Redevelopment Plan; and

WHEREAS, on March 8, 2011, the Redevelopment Agency extended by Letter Agreement, the schedule of performance of the Grant Agreement to August 31, 2015; and

WHEREAS, to date, \$44,900 has been spent on preliminary drawings, leaving a remainder of \$1,755,100; and

WHEREAS, on June 29, 2011, the Governor signed into law AB1X 26 (the "Dissolution Act") which immediately suspended most activities of Redevelopment Agencies prior to their elimination effective October 1, 2011; and

WHEREAS, a Successor Agency to the City of Vallejo Redevelopment Agency was established with the City Council members sitting as the Board; and

WHEREAS, the Dissolution Act requires Successor Agencies to prepare a Recognized Obligations Payment Schedule ("ROPS") which sets forth the Successor Agency's enforceable obligations and scheduled payments for such enforceable obligations for each six-months; and

WHEREAS, the development of the North Vallejo Community Center was identified as an enforceable obligation of the former Redevelopment Agency, and on the ROPS 15-16A schedule the Successor Agency and the Oversight Board approved \$1,755,000 as an enforceable obligation for this purpose to which the State Department of Finance did not object; and

WHEREAS, the Greater Vallejo Recreation District desires to amend the Grant Agreement to allow the funds to be expended on an extensive renovation of the facility rather than demolition of the existing facility and construction of a new facility, in order to allow the project to proceed at a cost savings as the renovation requires \$1,250,000 of funds; and

WHEREAS, a First Amendment to the Grant Agreement between the Successor Agency of the City of Vallejo and the Greater Vallejo Recreation District was negotiated to expend the funds for the renovations that include a new roof, heating and air conditioning, parking, lot, ADA upgrades, new lighting, rest room renovations, flooring, court yard improvements and other necessary repairs that will bring the facility up to current safety standards; and

WHEREAS, on June 23, 2015, the Successor Agency authorized the Executive Director to execute the First Amendment to the Grant Agreement between the Successor Agency of the City of Vallejo and the Greater Vallejo Recreation District; and

WHEREAS, the Oversight Board has considered the request of the Greater Vallejo Recreation District and the First Amendment to the Grant Agreement and finds that the expenditures of the \$1,250,000 for the purposes identified in the First Amendment are consistent with the purposes and intent for which the Grant Agreement was first entered.

WHEREAS, reducing the total contract amount by \$505,000 reduces the liabilities of the Successor Agency and thus benefits the taxing entities; and

NOW THEREFORE BE IT RESOLVED, that the Oversight Board of the Successor Agency of the Former Vallejo Redevelopment Agency approves the attached First Amendment to the Grant Agreement between the Successor Agency of the City of Vallejo and Greater Vallejo Recreation District.

**FIRST AMENDMENT TO  
GRANT AGREEMENT BETWEEN SUCCESSOR AGENCY OF THE CITY OF  
VALLEJO AND GREATER VALLEJO RECREATION DISTRICT FOR  
DEVELOPMENT OF NORTH VALLEJO COMMUNITY CENTER**

This First Amendment to the Principal Agreement made and entered into on February 5, 2002, as extended by the Letter Agreement dated March 8, 2011, and collectively referred to hereafter as "Agreement, between the Greater Vallejo Recreation District, a California public organization, therein referred to as Grantee, and the City of Vallejo, a municipal corporation, therein referred to as Grantor, is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Grantee and Grantor do mutually agree as follows:

1. Recitals, third paragraph shall be modified to read: Whereas, Grantee proposes to renovate the existing facility (the Project) which is owned by the City of Vallejo and leased to GVRD pursuant to the Master Lease, as it may be amended, for the purpose of providing recreation, cultural, educational, and vocational programs for people of all ages, and
2. Section 1.8 "PROJECT" of the Agreement shall be modified to read: "PROJECT" means renovations to include a new roof, heating and air conditioning, parking lot, ADA upgrades, new lighting, rest room renovation, flooring, court yard improvements, and other necessary repairs.
3. Section 1.12 "PREDEVELOPMENT COSTS" of the Agreement shall be modified to read: "PREDEVELOPMENT COSTS" means expenses including consultant and other services required to prepare plans, specifications, and documentation for the Project prior to renovations. Work may include but shall not be limited to any necessary pre-architectural, pre-engineering, and environmental review.
4. Section 2.1 FUNDING of the Agreement shall be modified to read: Subject to the terms and conditions of this Agreement, Grantor agrees to provide a grant to Grantee. The proceeds of the grant shall only be used by Grantee to pay for the costs of predevelopment work, renovation, development, construction and other expenses directly related to the Project including construction management and costs associated with complying with Grantor funding requirements.
5. Section 2.2 AMOUNT OF FUNDING of the Agreement shall be modified to read: Subject to the conditions set forth in Article 3, Grantor agrees to make and Grantee agrees to accept the Grant in an amount not to exceed One Million, Two Hundred Fifty Thousand Dollars (\$1,250,000).

6. Section 2.3 USE OF FUNDS of the Agreement shall be modified to read: Proceeds of the Grant shall only be used for expenses directly related to renovations of the existing facility on the Site. Expenses include any necessary predevelopment, planning, and construction costs to complete the Project as described more particularly in the Revised Exhibit A, Performance Schedule. No portion of the Grant shall be used to pay for any costs of operation and maintenance of GVRD or the North Vallejo Community Center.

7. Section 3.1 CONDITIONS PRECEDENT TO DISBURSEMENT. Grantor shall not be obligated to make any disbursements of proceeds or take any other action except as otherwise provided for unless all of the following conditions are satisfied.

a) There exists no Event of Default (as defined in Section 8.1) nor any act, failure, omission or condition that would constitute an Event of Default;

b) Grantee shall submit to Grantor for its approval a proposed budget, including costs of renovations and any architectural, engineering, planning and other necessary costs for the Project; and

c) Grantee shall submit to Grantor copies of invoices for costs of renovations as described in Section 5.1 and any other documentation reasonably requested by Grantor;

d) Grantee has submitted to Grantor for approval a development budget, including costs of renovations and construction of the Project, as well as evidence that it has adequate financing to complete the Project. Such evidence shall include copies of bids obtained from qualified general contractors pursuant to applicable competitive bidding requirements and any other information reasonably requested by Grantor;

e) Grantor has approved the form of construction contract to be entered into between Grantee and its general contractor(s);

f) Grantee has obtained all necessary approvals from the appropriate governmental entities for the proposed plans and specifications for the Project;

g) Grantee has submitted to Grantor copies of the contract bonds provided by Grantor's general contractor in connection with construction contract, which bonds shall include a payment bond in the amount equal to one hundred percent (100%) of the construction contract price, as well as a faithful performance bond, also in the amount equal to one hundred percent (100%) of the contract price, provided however, that Grantor may waive such requirement upon submission of evidence reasonably satisfactory to Grantor that such contractor has sufficient financial resources or Grantee will be providing other satisfactory assurances to ensure that the work will be completed; and

h) Grantee has submitted evidence reasonably satisfactory to Grantor that it has or reasonably expects to have commitments for financing the ongoing operation and maintenance of the North Vallejo Community Center upon completion of renovation.

**8. Section 5.1 CONFIGURATION OF THE PROJECT shall read: Grantee shall renovate the Project in accordance with the Plans and Specifications and any and all Project approvals, including without limitation, any environmental mitigation measures incorporated into the Project.**

Project renovations include a new roof, heating and air conditioning, parking lot, ADA upgrades, new lighting, rest room renovation, flooring, court yard improvements, and other necessary repairs.

**9. Amendment to Section 5.17 PROJECT OWNERSHIP shall read: The City of Vallejo owns the Property and shall also own the Project after completion of renovations and acceptance by the City.**

**10. 7.1 Insurance Requirements. Grantee agrees to comply with all of the Insurance Requirements set forth in Exhibit C, entitled "Insurance Requirements for Consultant." Failure to maintain required insurance at all times shall constitute a default and material breach.**

**11. Amendment to Section 9.3 TERM OF THIS AGREEMENT shall read: This Agreement shall commence on the date set forth above in the First Amendment and shall remain in full force and effect. The terms and conditions contained in the Master Lease or any other agreement for the subject property shall continue to apply to the Project.**

**12. Amendment to Section 9.8 NOTICES, DEMANDS AN COMMUNICATIONS shall read: Formal notices, demands and communications between Grantee and Grantor shall be sufficiently given and shall not be deemed given unless dispatched by personal delivery or by express or certified mail, postage prepaid, return receipt requested, or by personal or express delivery service with a delivery receipt, the principal offices of Grantee and Grantor as follows:**

**GRANTOR: Successor Agency of the City of Vallejo  
555 Santa Clara Street  
Vallejo, CA 94590  
Attention: Executive Director**

**GRANTEE: Greater Vallejo Recreation District  
395 Amador Street  
Vallejo, CA 94590  
Attention: General Manager**

**13. Revised Term of the Agreement.** The Agreement term is currently scheduled to expire on July 31, 2003 and extended by the Letter Agreement dated March 8, 2011. As of the date of this First Amendment, the term of the Agreement is extended to and shall expire on September 1, 2016.

**14. Revised Exhibit.** A revised Exhibit A, entitled, "Schedule of Performance – GVRD North Vallejo Community Center," is hereby added to the Agreement to reads as shown in Exhibit A of this First Amendment.

**15. Integration.** This First Amendment contains the entire agreement between the parties with respect to its subject matter and supersedes whatever oral or written understanding they may have had prior to the execution of this First Amendment. This First Amendment shall not be amended or modified except by a written agreement executed by each of the parties. Except as specifically revised herein, all terms and conditions of the Agreement, and all prior amendments, if any, shall remain in full force and effect, and Consultant shall perform all duties, obligations and conditions required under the Agreement.

**16. Inconsistencies.** In the event of any conflict or inconsistency between the provisions of this First Amendment and the Agreement, and any prior amendment, if any, the provisions of this First Amendment shall control in all respects.

**17. Ambiguities.** The parties have each carefully reviewed this First Amendment and have agreed to each term of this First Amendment. No ambiguity shall be presumed to be construed against either party.

**18. Counterparts.** This First Amendment may be executed by the parties in one or more counterparts all of which collectively shall constitute one document and agreement.

(SIGNATURES ARE ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have entered into this First Amendment on the day and year first hereinabove appearing.

**GREATER VALLEJO RECREATION,  
DISTRICT,**  
a California public organization

**CITY OF VALLEJO**  
a municipal corporation

BY: \_\_\_\_\_  
Shane McAfee  
General Manager

BY: \_\_\_\_\_  
Daniel E. Keen  
Executive Director

BY: \_\_\_\_\_  
Chester A. Rogaski  
Legal Counsel for Greater Vallejo  
Recreation District

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

ATTEST: \_\_\_\_\_  
Dawn G. Abrahamson  
City Clerk

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

APPROVED AS TO CONTENT:

(City Seal)

\_\_\_\_\_  
Andrea J. Ouse  
Community and Economic  
Development Director

APPROVED AS TO FORM AND  
INSURANCE

\_\_\_\_\_  
Claudia Quintana  
City Attorney

**EXHIBIT A**

**SCHEDULE OF PERFORMANCE  
GVRD – NORTH VALLEJO COMMUNITY CENTER**

<b><u>Action</u></b>	<b><u>Date</u></b>
1. Complete the planning necessary to begin Improvements including: a) New roof b) Heating and air conditioning c) Parking lot d) ADA upgrades e) New lighting f) Rest room renovation g) Flooring h) Court yard improvements i) Other necessary repairs	July 31, 2015
2. Solicit quotes and bids and enter into contract for improvements	September 16, 2015
3. Obtain all necessary approvals and permits as required	Prior to commencement of work
4. Complete 50% of improvements and submit a progress report to Successor Agency staff	January 31, 2016
5. Complete improvements	August 1, 2016
6. Complete all paperwork to close projects Such as invoices, Notice of Completeness	September 1, 2016





September 10, 2015

Mr. Ron Millard, Interim Finance Director  
City of Vallejo  
555 Santa Clara Street  
Vallejo, CA 94590

Dear Mr. Millard:

Subject: Oversight Board Action Determination

The City of Vallejo Successor Agency (Agency) notified the California Department of Finance (Finance) of its June 25, 2015 Oversight Board (OB) Resolution on July 30, 2015. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 15-004, approving the first amendment to a Grant Agreement (Agreement) between the Agency and the Greater Vallejo Recreation District, is not approved.

Pursuant to HSC section 34181 (e), the OB can approve amendments or early termination of those agreements between the Agency and any private parties if the amendments or early termination reduces liabilities, increases net revenues, and the OB finds the termination is in the best interest of the taxing entities. The OB has not made the appropriate findings as required by HSC section 34181 (e); therefore, Finance cannot approve this OB resolution at this time.

Additionally, upon further review of the Agreement and the supporting documents provided by the Agency, the Agreement has terminated under its own terms. Specifically, the Agreement's Schedule of Performance expired on August 31, 2015. HSC section 34179 (h) states that oversight board actions shall not be effective until approved by Finance. Since the Schedule of Performance expired under its own terms, prior to Finance's determination of OB Resolution No. 15-004, there is no authority to extend or amend the Agreement.

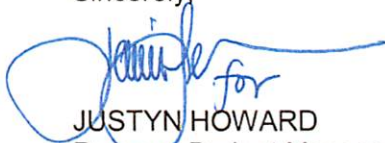
As authorized by HSC section 34179 (h), Finance is returning your OB action to the board for reconsideration.

This is our determination with respect to the OB action taken.

Mr. Ron Millard  
September 10, 2015  
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Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at  
(916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Kathleen Diohep, Economic Development Manager, City of Vallejo  
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano County



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**DATE:** September 24, 2015  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Ron Millard, Interim Finance Director  
**SUBJECT:** ADOPT A RESOLUTION FINDING THAT THE 2003 COPS CITY/REDEVELOPEMNT AGENCY PRE-DISSOLUTION LOAN WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b) AND APPROVING THE LOAN AGREEMENT AS AN ENFORCEABLE OBLIAGATION

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**RECOMMENDATION**

Adopt the attached Oversight Board Resolution finding that the 2003 COPS City/Redevelopment Agency pre-dissolution loan was for legitimate redevelopment purposes pursuant to Health and Safety Code Section 34191.4(b) and approving the Loan Agreement as an Enforceable Obligation.

**REASONS FOR RECOMMENDATION**

Effective July 1, 2015, the State Department of Finance (DOF) has determined that the Successor Agency is no longer eligible to use its tax increment revenue to pay an allocated share of the City's 2003 COPS annual bond debt service. DOF has concluded that insufficient formal documentation was prepared in 2003 to obligate the former Redevelopment Agency to pay its proportionate share of the annual debt service for the share of bond proceeds it received from the City to finance redevelopment projects. DOF no longer recognizes the 2003 COPS debt service as an enforceable obligation of the Successor Agency.

Today's action proposes an alternative repayment mechanism through the State AB1484 Redevelopment Dissolution Act provision for repayment of City advances. Through Oversight Board findings and approval of the loan as an enforceable obligation of the Successor Agency, the Successor Agency will be eligible to repay the City for its remaining share of its 2003 COPS debt service obligation.

**BACKGROUND AND DISCUSSION**

In 2003, the City and the former Redevelopment Agency jointly benefited from the cost efficiencies of a consolidated bond offering, the 2003 Certificates of Participation (COPS). The former Redevelopment Agency further benefited from the City's lower interest cost of borrowing, since the bonds were issued solely in the City's name. The City Council staff report prepared at the time of the bond issue documented a bond project expenditure plan that included redevelopment projects along with the anticipated redevelopment contribution towards the annual debt service payment (see Attachment C, December 2, 2003 City Council Agenda Report). The Redevelopment Agency ultimately received \$2,617,597 in 2003 COPS bond proceeds that were used to finance public improvements at the State Farm development site and a share of the bond costs of issuance.

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From 2003 through 2015, the Redevelopment Agency and its Successor Agency budgeted and paid their proportional share of the City's 2003 COPS bond debt service. Bond activity and the outstanding bond principal were reported annually in the Redevelopment Agency's audited financial statements and in annual reports to the State Controller. During the City's debt restructure in 2011, the bond creditor agreed to a deferred payment plan and reduced interest costs, further benefiting the Successor Agency. As of July 2015, the Successor Agency's remaining outstanding principal obligation was \$1,322,670, with payments extending through 2024.

The State DOF had approved the Successor Agency's annual 2003 COPS debt service as enforceable obligations on the first seven semi-annual Recognized Obligation Payment Schedules (ROPS) filed by the Successor Agency since redevelopment dissolution in 2012. However, during its review of ROPS 15-16A, for payments from July to December 2015, DOF asked for additional information about the transaction, then reversed its prior position and denied tax increment funding for future payments. City and Agency staff met with DOF through the "Meet and Confer" dispute resolution process, but this process did not result in a change in the DOF ineligibility determination.

On September 15, 2015, the City Council and Successor Agency ratified the original intent of the City Advance in 2003, approved the Advance as an enforceable obligation of the Agency, and have requested future reimbursement in the form of repayment of the City Advance rather than as direct bond debt service. It is not certain that the DOF will approve this ratification of an action dating prior to dissolution. However, the compelling facts here are the recent change in position of the DOF and the consistent documentation of the substance if not the form of the Redevelopment Agency's obligation. The Redevelopment Agency clearly benefited from the 2003 receipt of funds and favorable financing terms for its public improvement project. The transaction has been transparently authorized and reported in each year since 2003.

#### Required Conditions for Recognition of City Loans as Enforceable Obligations

The California Health and Safety Code Section 34191.4(b), added AB 1484 (2012), allows a successor agency to seek oversight board approval of city-redevelopment agency loans entered into prior to dissolution, subject to the following conditions:

1. The State Department of Finance (DOF) must have issued a Finding of Completion to the Successor Agency.
  - *The DOF issued a Finding of Completion to the Vallejo Successor agency on October 16, 2013 (Attachment C).*
2. The Oversight Board to the Successor Agency must find that Pre-Dissolution Loans were for legitimate redevelopment purposes and approve the repayment of such loans for inclusion in the Recognized Obligation Payments Schedule (ROPS).
3. The Oversight Board's action is subject to review and approval by the DOF.

#### Repayment Term Limitations

Health & Safety Code Section 34191.4(b)(2) conditions the terms of repayment as follows:

1. Accumulated interest on the loans shall be recalculated from the date of loan origination at the Local Agency Investment Fund ("LAIF") interest rate, which supersedes the interest rates originally applicable to the City Loans.
  - *The most recent published interest rate published by LAIF is 0.28% (June 2015).*

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- *Repayment terms for this advance propose calculating interest at the LAIF rate back to the date of DOF change in the substance of the transaction from bond indebtedness to a City Advance, effective July 1, 2015. Interest prior to this date has been previously approved by DOF for payment to bond holders at the bond interest rate.*
2. Going forward, interest will accrue at the June 2015 LAIF rate.
  3. The Health and Safety Code further states that loan repayments to the City shall not begin until Fiscal Year 2014-15 unless DOF permits earlier repayment of the City Loans. Such repayments are to be made according to a new, defined schedule over a "reasonable term of years." The maximum annual repayment is limited to one-half of the increase between the residual amounts from the Redevelopment Property Tax Trust Fund ("RPTTF") distributed to the taxing entities in the fiscal year the payment is requested and the residual amount distributed to taxing entities in Fiscal Year 2012-13 (the "base year").
    - *An advance repayment schedule has been proposed to match the remaining nine year term of the 2003 bond obligation. However, the Successor Agency estimates that there will be minimal near term actual RPTTF cash flow available to make these payments due to other project and loan obligations to the City recently approved for payment by resolutions in February 2015. This advance balance will carry forward and accrue interest at the LAIF rate until such time that RPTTF is sufficient for payment.*
  4. Repayments may not begin until outstanding amounts that had been previously borrowed by the Agency from its Low and Moderate Income Housing Fund have been repaid (if any).
    - *Since no amounts have been borrowed from Vallejo's Low and Moderate Income Housing Fund, this condition does not apply to Vallejo.*
  5. Twenty percent (20%) of all repayments received by the City shall be deducted and placed in the Low and Moderate Income Housing Asset Fund ("LMIHAF").
    - *The Vallejo Housing Authority maintains the City's Low and Moderate Income Housing Asset Fund as the Housing Successor to the former redevelopment agency.*

The City/Successor Agency Ratification of Loan Agreement, attached hereto as Exhibit A, incorporates the relevant conditions above.

### **FISCAL IMPACT**

Absent debt service payment by the Successor Agency, the City's General Fund is obligated to backfill annual principal and interest debt service payments for the next nine years to the bond creditor. Total remaining principal and interest costs for the redevelopment portion of the bonds was \$1,493,449 at the effective date of DOF denial, July 1, 2015.

A loan repayment schedule has been adopted by the City and Successor Agency and is now available for consideration by the Oversight Board. With approval by the Oversight Board and the State Department of Finance, the Agency can resume payment of approximately \$1.3 million in full principal repayment, along with nominal interest at a 0.28% interest rate, which is less than the interest paid the bond creditor. The City is required to pay the interest differential. An Agency repayment schedule at \$148,823 per year is proposed, over the life of the current 2003 COPS debt schedule. However, due to limitations in the Successor Agency cash flow, payments are expected to extend past this initial schedule and are not expected to timely cover the City's backfill payments to the bond creditor.

As annual payments are disbursed back to the City, State law will require 20%, or approximately \$264,000, to be restricted in use to low and moderate income housing programs.

**ENVIRONMENTAL REVIEW**

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

**ATTACHMENTS**

- Attachment A      Resolution of the Oversight Board finding that City/Redevelopment Agency pre-dissolution loan was for legitimate redevelopment purposes pursuant to Health and Safety Code Section 34191.4(b) and approval of Loan Agreement as an Enforceable Obligation
  
- Exhibit A          Ratification and Amendment to Loan Agreement Between the City of Vallejo and the Former Redevelopment Agency of the City of Vallejo.
  
- Exhibit B          City/Redevelopment Loan Repayment Schedule
  
- Attachment B      State of California Department of Finance - Finding of Completion
  
- Attachment C      December 2, 2003 City Council Agenda Report

**CONTACT**

Ron Millard, Interim Finance Director, 707-648-4502, ron.millard@cityofvallejo.net

OVERSIGHT BOARD RESOLUTION NO. \_\_\_\_ N.C.

**A RESOLUTION OF THE VALLEJO OVERSIGHT BOARD FINDING THE PRE-DISSOLUTION LOAN BETWEEN THE CITY OF VALLEJO AND THE FORMER VALLEJO REDEVELOPMENT AGENCY WAS FOR LEGITIMATE REDEVELOPMENT PURPOSES PURSUANT TO HEALTH & SAFETY CODE SECTION 34191.4(b) AND APPROVING THE LOAN AGREEMENT AS AN ENFORCEABLE OBLIGATION**

WHEREAS, prior to February 1, 2012, the Redevelopment Agency of the City of Vallejo (herein referred to as the "Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (Health and Safety Code Section 33000, et seq.) and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to the action of the City Council ("City Council") of the City of Vallejo (City); and

WHEREAS, Assembly Bill 1x26, chaptered and effective on June 28, 2011, added parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the "Dissolution Act"); and

WHEREAS, as of February 1, 2012, the Agency was dissolved pursuant to the Dissolution Act and as a separate legal entity, the City serves as the Successor Agency to the Redevelopment Agency of the City of Vallejo ("Successor Agency"); and

WHEREAS, Successor Agency administers the enforceable obligations of the Agency and otherwise unwinds the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, throughout the life of the Agency, it was at times necessary for the City to make loans to the Agency to enable the Agency to implement the goals and Implementation Plan of the Agency addressing blight and fostering economic development, summarized in the agenda report on this item and staff presentation; and

WHEREAS, the outstanding principal balance of the 2003 COPS loan totaled \$1,322,670 as of June 30, 2015; and

WHEREAS, the Local Agency Investment Fund ("LAIF") interest rate of 0.28% as of June 30, 2015;

WHEREAS, AB 1x26 prohibited the Agency and the Successor Agency from making any payments to the City and eliminated any outstanding loans between the City and the Agency; and

WHEREAS, AB 1484 enacted in 2012, amended the Dissolution Act and allowed reinstatement of loans between the City and the Agency under certain conditions; and

WHEREAS, pursuant to Health & Safety Code Section 34 191.4(b), the pre-dissolution loans between the City and the Agency may be considered an enforceable obligation; provided that the following conditions are satisfied: (1) the Department of Finance has issued a Finding of Completion to the Successor Agency; (2) the Oversight Board finds that the loans were made for legitimate redevelopment purposes and must approve repayment of the loans as an enforceable obligation in the Recognized Obligation Payments Schedule ("ROPS"); and (3) the DOF has approved the Oversight Board's action; and

WHEREAS, the DOF issued a Finding of Completion to the Successor Agency on October 16, 2013; and

WHEREAS, repayment under any reinstated loan is governed by the provisions of Health & Safety Code Section 34191.4(b), as follows: (a) accumulated interest on the loans shall be recalculated from the date of loan origination at the Local Agency Investment Fund ("LAIF") interest rate; (b) repayment to the City cannot begin until Fiscal Year 2014-15 and such payments are to be made according to a defined schedule over a "reasonable term of years"; (c) the maximum annual repayment to the City is limited to one-half of the difference between the residual amounts from the Redevelopment Property Tax Trust Fund ("RPTTF") distributed to the taxing entities in the fiscal year the payment is requested and the residual amount distributed to taxing entities in Fiscal Year 2012-13 (the "base year"); and (d) twenty percent (20%) of all repayments received by the City shall be deducted and placed in the Low and Moderate Income Housing Asset Fund maintained by the housing successor, which is the Housing Authority of the City of Vallejo; and

WHEREAS, the City Council and Successor Agency have approved and submitted to the Oversight Board a Ratification and Amendment of Loan Agreement (the "Amendment") for consideration and approval;

NOW, THEREFORE, BE IT RESOLVED that the Vallejo Oversight Board hereby finds, determines and resolves as follows:

SECTION 1. The foregoing recitals are true and correct and are hereby incorporated into this Resolution.

SECTION 2. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the loan was validly entered into, for valid redevelopment purposes and that the loan was therefore made for legitimate redevelopment purposes. This finding is based upon the evidence contained in the agenda staff report and presented at the City Council meeting on this issue.

SECTION 3. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the loan is an enforceable obligation and may be listed on the Successor Agency's ROPS.

SECTION 4. The repayment of the loan to the City shall be in accordance with the terms of the Agreement, attached hereto as Exhibit A and incorporated herein by reference.

SECTION 5. In the event insufficient RPTTF moneys are available to make a complete payment on the loan as reflected in a ROPS, the unpaid amount shall continue to accrue interest and shall be paid from excess RPTTF moneys in future ROPS periods.

SECTION 6. The Secretary to the Oversight Board shall certify to the adoption of this Resolution and transmit a copy of this resolution to DOF. The effective date of this Resolution shall be as set forth in Health and Safety Code section 34179 (h).

This resolution was adopted by those present and voting at a regular meeting of the Oversight Board to the Successor Agency of the former Vallejo Redevelopment Agency held on September 24, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
ERIN HANNIGAN, Chairperson

ATTEST: \_\_\_\_\_  
DAWN G. ABRAHAMSON, Secretary



## EXHIBIT A

### RATIFICATION OF LOAN AGREEMENT BETWEEN THE CITY OF VALLEJO AND THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO

This RATIFICATION OF LOAN AGREEMENT ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2015, by and between the CITY OF VALLEJO, municipal corporation (the "City"), and the SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO, a public body (the "Successor Agency").

#### RECITALS

1. The City and the Successor Agency (individually, a "Party" and collectively, the "Parties") enter into this Ratification of Loan Agreement with reference to the following facts and circumstances:
2. Pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the City Council of City activated the Redevelopment Agency of the City of Vallejo (the "Redevelopment Agency") and subsequently adopted the Redevelopment Plan for the Vallejo Redevelopment Projects (the "Redevelopment Plan").
3. The City and Redevelopment Agency conducted a joint bond financing in 2003, resulting in the issuance of 2003 Certificates of Participation. The bonds were issued in the City's name. The City advanced \$2,617,597 of proceeds from the bonds to the Redevelopment Agency to finance improvements at the State Farm development site and to pay a share of bond issuance costs.
4. From 2003 through 2015, the Redevelopment Agency and its Successor Agency budgeted and paid their proportional share of the City's 2003 COPS bond debt service. Bond activity and the outstanding bond principal were reported annually in the Redevelopment Agency's audited financial statements and in annual reports to the State Controller. During the City's debt restructure in 2011, the bond creditor agreed to a deferred payment plan and reduced interest costs, further benefiting the Successor Agency. As of July 2015, the Successor Agency's remaining outstanding principal obligation on its share of 2003 COPS bond proceeds was \$1,322,670, with payments extending through 2024.
5. Assembly Bill 1X26 ("AB 26"), enacted in June 2011, and AB 1484 ("AB 1484"), enacted in June 2012 (collectively, the "Dissolution Act") required the dissolution of redevelopment agencies and established certain procedures and requirements for the wind-down of their activities.
6. The Successor Agency is the successor entity to the former Redevelopment Agency and, pursuant to the Dissolution Act, is responsible for the wind-down of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.
7. Health and Safety Code Section 34171(d)(2) provides, with a few exceptions, that "enforceable obligation" does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.

8. The State Department of Finance has approved the Successor Agency's annual 2003 COPS debt service as an enforceable obligation to bond creditor on the first seven semi-annual Recognized Obligation Payment Schedules (ROPS) filed by the Successor Agency since redevelopment dissolution in 2012.
9. As of July 1, 2015, the State Department of Finance withdrew its authorization and no longer recognizes the 2003 COPS bond as an enforceable obligation of the Successor Agency. The Successor Agency is no longer able to claim Redevelopment Property Tax Trust Fund (RPTTF) revenue tax for the annual payment of its prorated share of the annual 2003 COPS debt service. Absent Successor Agency payment, the City's General Fund will be obligated to "back fill" this debt service to make timely payments to the City's bond creditor.
10. However, the Dissolution Act further provides that after a successor agency receives a finding of completion from the State Department of Finance ("DOF") pursuant to Health and Safety Code Section 34179.7, loan agreements previously entered into between the redevelopment agency and the city, county or city and county that created the redevelopment agency may be deemed to be enforceable obligations under certain conditions. The Successor Agency has received a Finding of Completion from DOF.
11. The parties desire to enter into this Agreement in order to ratify the existence and validity of the City's Loan of 2003 COPS bond proceeds to the Former Redevelopment Agency, and to establish repayment terms for the repayment of the Loan pursuant to the Dissolution Act.

#### RATIFICATION OF LOAN AGREEMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual promises and covenants contained herein, the Parties mutually agree as follows:

Purpose. The purpose of this Agreement is (a) to ratify the existence and validity of the pre-dissolution Loan of 2003 COPS Bond proceeds from the City to the Successor Agency, and (b) to establish the understanding and agreement of the parties as to the repayment terms of the Loan pursuant to the Dissolution Act.

Loan Amount. It is the understanding and agreement of the parties that the total amount of the loan owed to the City at the time the State Department of Finance stopped recognizing the obligation as bonded indebtedness of the Agency, July 1, 2015, was \$1,322,670, taking into account repayments since inception, and interest at the rate disbursed to bond holders, as previously approved by the State Department of Finance on semi-annual ROPS from dissolution through June 30, 2015. As of July 1, 2015, the unpaid loan balance will accrue interest at the current LAIF rate of 0.28%), as published on the California State Treasurer's web site for the period ending June 2015. The attached Exhibit A to the Agreement, which is incorporated herein, shows the repayment amortization schedule and calculation of interest under the Loan Agreement, based on the LAIF rate.

Loan Furthered Legitimate Redevelopment Purposes. The parties acknowledge and agree that the amounts due to the City under the Agreement reflect repayment to the City of amounts loaned to the Redevelopment Agency to further the Redevelopment Agency's redevelopment activities, and were for legitimate redevelopment purposes. The proceeds of the loan were used to complete public improvements at the State Farm development site. This project was included within the Vallejo Redevelopment Plan and authorized by the Community Redevelopment Law (Health & Safety Code §33000 et al.)

Conditions Precedent to Repayment. The Parties understand and agree that, pursuant to the Dissolution Act, the Ratification of Loan agreement will be deemed to be an "enforceable obligation" only after completion of the following actions:

- a) The Successor Agency shall have been issued a finding of completion by DOF pursuant to Health and Safety Code Section 34179.7. DOF issued a finding of completion to the Successor Agency on October 16, 2013.
- b) The Successor Agency shall have applied for and the Oversight Board shall have approved, by resolution, the Ratification of Loan Agreement as an enforceable obligation, and made a finding that the loan of funds to the Redevelopment Agency under the Loan Agreement was for legitimate redevelopment purposes.
- c) Exhibit A shows the proposed repayment terms under the Agreement. However, in the event there is insufficient Redevelopment Property Tax Trust fund monies available to make all or a portion of a scheduled payment, the amounts due shall be carried forward, with interest, and the term of repayment extended until the full amount owed under the Amendment has been paid.

The Parties acknowledge and agree that the State Department of Finance has issued a finding of completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7. The Successor Agency and City shall cooperate in providing any documentation and evidence to the Oversight Board as necessary to obtain from the Oversight Board approval of that Amendment, together with a finding that the loan of funds by the City to the former Redevelopment Agency under the Ratification of Loan Agreement was for legitimate redevelopment purposes.

IN WITNESS THEREOF, the City and Successor Agency have executed this Amendment as of the date first set forth above.

**CITY OF VALLEJO**

By: \_\_\_\_\_  
Daniel E. Keen, City Manager

ATTEST:

By: \_\_\_\_\_  
Dawn G. Abrahamson, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Claudia Quintana, City Attorney

**SUCCESSOR AGENCY**

By: \_\_\_\_\_  
Daniel E. Keen, Executive Director

ATTEST:

By: \_\_\_\_\_  
Dawn G. Abrahamson, City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Claudia Quintana, City Attorney

**Exhibit B to Ratification of Loan Agreement -  
Loan Amortization Schedule**

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**Successor Agency Loan Repayment to City for 2003 COPS**

Compound Period ..... : Monthly

Nominal Annual Rate .... : 0.280 %

**CASH FLOW DATA**

Event	Date	Amount	Number	Period	End Date
1 Loan	07/01/2015	1,322,670.00	1		
2 Payment	01/01/2016	148,822.68	9	Annual	01/01/2024

**AMORTIZATION SCHEDULE - Normal Amortization**

Date	Payment	Interest	Principal	Balance
Loan 07/01/2015				1,322,670.00
2015 Totals	0.00	0.00	0.00	
1 01/01/2016	148,822.68	1,852.82	146,969.86	1,175,700.14
2016 Totals	148,822.68	1,852.82	146,969.86	
2 01/01/2017	148,822.68	3,296.19	145,526.49	1,030,173.65
2017 Totals	148,822.68	3,296.19	145,526.49	
3 01/01/2018	148,822.68	2,888.19	145,934.49	884,239.16
2018 Totals	148,822.68	2,888.19	145,934.49	
4 01/01/2019	148,822.68	2,479.05	146,343.63	737,895.53
2019 Totals	148,822.68	2,479.05	146,343.63	
5 01/01/2020	148,822.68	2,068.76	146,753.92	591,141.61
2020 Totals	148,822.68	2,068.76	146,753.92	
6 01/01/2021	148,822.68	1,657.32	147,165.36	443,976.25
2021 Totals	148,822.68	1,657.32	147,165.36	
7 01/01/2022	148,822.68	1,244.73	147,577.95	296,398.30

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**Successor Agency Loan Repayment to City for 2003 COPS**


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<b>Date</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
2022 Totals	148,822.68	1,244.73	147,577.95	
8 01/01/2023	148,822.68	830.98	147,991.70	148,406.60
2023 Totals	148,822.68	830.98	147,991.70	
9 01/01/2024	148,822.68	416.08	148,406.60	0.00
2024 Totals	148,822.68	416.08	148,406.60	
Grand Totals	1,339,404.12	16,734.12	1,322,670.00	



DEPARTMENT OF  
**FINANCE**

Attachment B

EDMUND G. BROWN JR. ■ GOVERNOR

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

October 16, 2013

Ms. Debra Lauchner, Finance Director  
City of Vallejo Successor Agency  
555 Santa Clara Street  
Vallejo, CA 94590

Dear Ms. Lauchner:

Subject: Request for a Finding of Completion

The California Department of Finance (Finance) has completed the Finding of Completion for the City of Vallejo Successor Agency.

Finance has completed its review of your documentation, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance has verified that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Dan Marks, Interim Economic Development Director, City of Vallejo  
Mr. Jun Adeva, Deputy Auditor Controller, County of Solano  
California State Controller's Office



**CITY OF VALLEJO**

**Agenda Item No.**

**COUNCIL/PUBLIC FINANCING AUTHORITY  
COMMUNICATION**

**Date: December 2, 2003**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** David R. Martinez, City Manager  
Thomas Sinclair, Interim Finance Director

**SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING THE  
ISSUANCE OF \$8,000,000 VARIABLE RATE DEMAND  
CERTIFICATES OF PARTICIPATION TO PROVIDE FUNDING FOR  
FISCAL YEAR 2003 CAPITAL IMPROVEMENT PROJECTS**

**RECOMMENDATION:**

1. Adopt a Resolution of the City of Vallejo Public Financing Authority ("Authority") authorizing the execution, delivery and sale of variable rate demand Certificates of Participation approving documents related thereto, and authorizing the sale of the certificates by negotiation to Wulff, Hansen & Co.
2. Adopt a Resolution of the City of Vallejo ("City") approving, authorizing and directing preparation of certain lease financing documents and authorizing and directing certain actions with respect thereto.

**SUMMARY:**

Certificates of Participation are a form of debt financing to provide funding for some of the City's capital improvement and economic development projects. The 2003-04 capital and operating budgets and other agreements executed by the City contemplated the use of Certificates of Participation to provide funding for the Columbus Parkway expansion, the Marina dredging project and the State Farm project site improvements. The estimated cost of improvements is \$7,600,000. Including costs of issuance, the Certificates are expected to be in the amount of \$8,000,000. The repayment of principal and interest will come from existing City revenue sources; no additional taxes are imposed as a result of the issuance of Certificates of Participation.

**DISCUSSION:**

Certificates of Participation are frequently issued by public agencies to fund capital projects. A Certificate of Participation allows the City to borrow money for projects, and to pay principal and interest from existing sources of funds.

A description of the projects and funding follows:



<u>DESCRIPTION</u>	<u>AMOUNT</u>
Columbus Parkway expansion	\$3,900,000
Marina dredging project	\$1,200,000
State Farm building site Improvements	\$1,000,000
State Farm parking improvements	<u>\$1,500,000</u>
Projects Subtotal	\$7,600,000
COP fees, cost of issuance and reserves	<u>\$ 400,000</u>
Total	\$8,000,000

**ENVIRONMENTAL REVIEW:**

This program is not a project as defined by the California Environmental Quality Act and is not subject to CEQA requirements.

**FISCAL IMPACT:**

The Vallejo Public Financing Authority (Authority) will issue the Certificates of Participation, and the City will make payments to the Authority in an amount equivalent to the debt service on the Certificates. The debt service consists of (1) monthly variable interest rate payments, (2) annual principal payments and (3) annual payments to a bank for a direct pay Letter of Credit, which assures Certificate holders that they will receive principal and interest payments.

The variable interest rate is expected to be approximately 1%, and the annual Letter of Credit fee will be approximately one percent (1%). The City has conservatively budgeted up to 3 ½ % for these combined payments, to provide a cushion for interest rate changes. Over the past ten years, variable interest rates have averaged approximately 3.2%.

The total annual debt service payments will average approximately \$615,000 per year, over the twenty year term of the Certificates. The Marina Enterprise Fund will contribute \$97,000, the General Fund will contribute \$315,500 and the Redevelopment Agency will contribute \$202,500. The City has allocated the necessary funds in the Fiscal Year 2003-2004 budget to provide the payments due by the City to the Authority.

**DOCUMENTS ATTACHED:**

1. VALLEJO PUBLIC FINANCING AUTHORITY RESOLUTION APPROVING A FINANCING WITH RESPECT TO THE ACQUISITION, CONSTRUCTION, REHABILITATION, EQUIPPING OR IMPROVEMENT OF VARIOUS CAPITAL IMPROVEMENTS THROUGHOUT THE GEOGRAPHIC BOUNDARIES OF THE CITY OF VALLEJO, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION THEREWITH AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO
2. CITY OF VALLEJO RESOLUTION APPROVING, AUTHORIZING AND

DIRECTING EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH FINANCING THE CONSTRUCTION, INSTALLATION AND EQUIPPING OF VARIOUS CAPITAL IMPROVEMENTS THROUGHOUT THE GEOGRAPHIC BOUNDARIES OF THE CITY, APPROVING THE FORM AND AUTHORIZING DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO, AUTHORIZING THE SALE OF SUCH CERTIFICATES OF PARTICIPATION AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

3. SITE AND FACILITY LEASE
4. LEASE AGREEMENT
5. TRUST AGREEMENT
6. ASSIGNMENT AGREEMENT
7. REMARKETING AGREEMENT
8. REIMBURSEMENT AGREEMENT
9. PURCHASE AGREEMENT WITH WULFF, HANSEN & COMPANY
10. MEMORANDUM OF LEASE
11. PRELIMINARY OFFICIAL STATEMENT

**PREPARED BY:**

Jon R. Oiler, Auditor Controller (707) 648-4593

**CONTACT:**

Thomas Sinclair, Interim Finance Director (707) 648-4592.



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**DATE:** September 24, 2015  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Ron Millard, Interim Finance Director  
Kathleen Diohep, Economic Development Manager  
**SUBJECT:** ADOPT A RESOLUTION APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE FOR JANUARY 1, 2016 THROUGH JUNE 30, 2016 ("ROPS 15-16B")

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### **RECOMMENDATION**

Adopt a Resolution approving the Recognized Obligations Payment Schedule for January 1, 2016 through June 30, 2016 ("ROPS 15-16B").

### **REASONS FOR RECOMMENDATION**

Pursuant to Health & Safety Code Section 34177, successor agencies are required to prepare and submit an approved ROPS prior to each six-month fiscal period. Without an approved ROPS, the Successor Agency would not receive its allocation of property tax increment revenue necessary to fund debt service and other contractual payment obligations. ROPS 15-16B must also be approved by the Oversight Board and be submitted to the State Department of Finance ("DOF") by October 1, 2015.

### **BACKGROUND AND DISCUSSION**

On June 29, 2011, the Governor signed into law AB1X 26 (the "Dissolution Act") which immediately suspended most activities of Redevelopment Agencies prior to their elimination effective October 1, 2011. A Successor Agency to the City of Vallejo Redevelopment Agency was established, with the City Council members sitting as its Board. ABX1 26 also established the Oversight Board for the Successor Agency to the Vallejo Redevelopment Agency to review and approve most actions of the Successor Agency. Assembly Bill 1484 ("AB 1484") was signed by the Governor on June 27, 2012, the primary purpose of which is to make technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing that act. AB 1484 added significant new or modified actions and deadlines.

The Dissolution Act requires successor agencies to prepare a ROPS which sets forth the Successor Agency's enforceable obligations and scheduled payments for such enforceable obligations for each six-month fiscal period on a forward-looking basis. The ROPS is the base document used by the County Auditor-Controller (the "CAC") in determining how much property tax increment revenue is needed to meet outstanding Agency obligations and administrative expenses, and if any residual tax revenue is available to distribute among local taxing entities. The ROPS are prepared by staff and approved by the Successor Agency Board and the Oversight Board. All ROPS are then subject to approval by the DOF and to audit by the CAC. The current ROPS 15-16B for the period January 1, 2016 through June 30, 2016 was submitted for approval by the Successor Agency Board at its meeting on September 15, 2015. It must be approved by the Oversight Board before being submitted to DOF by October 1, 2015.

DOF has created a specific format for submission of the ROPS that staff must adhere to. Attachment 1, Exhibit A, includes five separate sections that are part of the required ROPS 15-16B submission, as follows:

1. The first part is a summary which combines requested funding for the next period with a prior period "true-up" accounting, resulting in a net amount of requested funding.
2. The next section is the ROPS detail report for the coming period which shows the total outstanding obligations of the Successor Agency, how much is requested to be spent in the next six month period and from what funding source.
3. The third report reconciles fund balances of several potential sources that are available to make payments for enforceable payment obligations.
4. The fourth section is a detailed accounting of the ROPS 14-15B period. Any prior funding allocations which were not spent in that period are to be "recaptured" and applied to the next period request, essentially reducing the net new tax increment revenue allocation from CAC.
5. The last section contains Notes that provide further explanation to the items on the ROPS detail report.

## **FISCAL IMPACT**

### *Revenue*

Activities for the ROPS 15-16B period will be financed from tax increment revenues distributed by the County from its Redevelopment Property Tax Trust Fund on January 1, 2016. This will be the first tax distribution for the 2015-16 fiscal year. Under the State Dissolution Act, tax increment revenues from the July 2015 to June 2016 fiscal year are available to finance Successor Agencies for the January 2016 to December 2016 calendar year, six months in arrears of the tax increment revenue cycle.

Based upon prior year 2014-15 actual tax increment revenue, the Agency can expect available tax increment for the ROPS 15-16B period of approximately \$1.9 million, plus anticipated annual growth from assessed property value appreciation during the year. Vallejo continues to benefit from restoration of its property tax base, with Citywide assessed 2015-16 values growing 6.81% over 2014-15. Initial information about parcels and growth within the redevelopment project areas indicate a comparable 6.5% growth and a potential \$200,000 increase in tax increment revenue for the tax year.

After deducting County fees and statutory/contractual pass-through obligations to other taxing entities, the Agency anticipates approximately \$1.6 million of tax increment revenue will be available to finance Successor Agency enforceable obligations for the ROPS 15-16B period. Because of a requested payment for a contract with the Greater Vallejo Recreation District during this period, the Agency anticipates drawing its full available tax increment revenue for the ROPS 15-16B period. If the submitted ROPS funding request is approved, no surplus would be anticipated for distribution to taxing Agencies on January 1, 2016.

### *Expenditures*

ROPS 15-16B identifies both reoccurring and new clean-up obligations for consideration. Reoccurring obligations with ROPS 15-16 B funding requests are presented in the following categories:

- **Bond Repayments and Fees (Items 5-6, 26, 30-31):** Redevelopment Agencies typically bonded against future tax increment revenue in order to finance capital improvements (and/or assemble land or construct buildings) that would make the Redevelopment Area more marketable and ready for development, or improve the area. Vallejo's bonds paid for various infrastructure improvements, primarily along the waterfront, and other public improvements. Bond payments are made twice a year, once for interest only, and the second interest and principal.

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Line item #7 for the 2003 COPS bond debt service is no longer listed as an enforceable obligation of the Agency. During the last ROPS 15-16A cycle, the State of California Department of Finance revisited and ultimately denied the Agency's inclusion of its 2003 COPS bond obligation for funding after July 1, 2015, effective with ROPS 15-16A. The 2003 COPS were issued in 2003 by the City of Vallejo to finance both City and redevelopment capital improvements. The Redevelopment Agency benefited through efficiencies of a joint financing with the City and also from the City's favorable/lower interest cost of borrowing. The bonds were used by the Redevelopment Agency to finance its State Farm site public improvements. Since 2003, through June 2015, the Redevelopment Agency and the Successor Agency have each made their proportional share of debt service payments on the City's 2003 COPS bonds, consistent with adopted budgets and the original staff report that approved the bond sale.

However, the State of California Department of Finance now concludes that the City and Redevelopment Agency did not prepare sufficient formal documentation in 2003 to support the Redevelopment Agency's legal obligation to repay its share of bond proceeds received for its project. City/Successor Agency staff met with the State of California Department of Finance to request reconsideration of this decision, without results. As a separate City/Successor Agency agenda item, the Agency's remaining 2003 COPS debt service obligation has been submitted for reconsideration in the form of a City/Agency loan, subject to City/Agency loan repayment conditions under the Dissolution Acts. State legislation (AB 113), now under consideration by the State legislature, might change repayment conditions for City/Agency loan repayments, and may further impact the Agency's ability to settle its proportionate share of remaining 2003 COPS debt service payments. See discussion below on the addition of a new ROPS line item for this proposed City/Agency loan agreement to establish future tax increment funding for the remaining balance of the Agency's 2003 COPS bond obligation.

- Capital Projects/Greater Vallejo Recreation District ("GVRD") (Item 1): This line item continues and requests the completion of funding for the Agency's pre-dissolution contract with GVRD to make improvements to the North Vallejo Community Center. Recently, the Oversight Board approved a contract amendment to focus the scope of the GVRD project (Resolution # 15-004, June 25, 2015.) Dollars and timeline remained unchanged. Because the Oversight Board action has not yet been approved by the State of California Department of Finance, the GVRD contract amendment has not been executed, and the most significant project costs are likely to cross over from the ROPS 15-16A into the ROPS 15-16B reporting cycle. Accordingly, the full contract balance has been resubmitted for authorization on ROPS 15-16B.

On September 10 2015, the State Department of Finance completed its initial review of OB Resolution #15-004 and has not approved the GVRD contract amendment. The Agency is considering options and process to gain State Department of Finance approval for the transaction. Further action to reduce the dollar value of the GVRD contract is proposed in a separate agenda item for Oversight Board consideration. If the GVRD contract is amended, a parallel change in the ROPS 15-16B submission would provide consistency. The proposed resolution for approval of ROPS 15-16B includes a provision to reduce funding for this ROPS line item to match any contract amendment approved by the Oversight Board.

- Administrative Costs (Item 33): The Successor Agency is provided an allowance under the Dissolution Act of a minimum allocation of \$125,000 for each semi-annual ROPS to expend on staff time, overhead and all other expenses not otherwise recognized as an enforceable obligation on the ROPS.
- Property Disposition Costs (Item 41): The Successor Agency continues to request spending authorization for various property disposition costs to continue the dissolution process. Amounts requested are estimates for recording fees, title reports, appraisal, real estate and legal support. Property disposition activities are on hold pending final approval by the State of California Department of Finance of the recent update to the Long-range Property Management plan approved by the Oversight Board on June 25, 2015.

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- Repayment of City Advances (Item 8): The Agency has received approval from the State of California Department of Finance to commence repayment of a portion of its City/Agency pre-dissolution loans in the ROPS 15-16A period. The maximum allowable annual repayment under the Dissolution Act, which is 50% of the growth in surplus tax increment since the 2012-13 base year, has been claimed on ROPS 15-16A. No further repayment is allowable for the ROPS 15-16B period. The next payment will be eligible in the ROPS 16-17A period.

The State has approved only a portion of the City/Agency pre-dissolution loans addressed by the City and Successor Agency in their February 12, 2015 actions to reestablish repayment eligibility (Reso #15-001). City advances dating back to the 1970s/early years of the Redevelopment project areas were not approved for repayment since the State concluded that the form of the loans were *reimbursement agreements* for costs incurred by the City on behalf of the Agency, rather than *cash advances*. This distinction is form vs. substance of the financial assistance provided by the City. Pending State legislation, AB 113, might further refine the ability of cities to recover pre-dissolution loans that were in the form of cost reimbursements. As the status of pending legislation is resolved, the Agency can consider resubmission of the portion of the City/Agency loans that have been denied by the State of California Department of Finance.

The most significant portions of the loans were approved, including \$4.5 million in principal balance at June 2014, out of a total of \$4.9 million submitted for approval. \$400,000 has been denied at this time and is at risk for future repayment.

#### *New ROPS Line Items*

The following ROPS line items are new and clean-up obligations for ROPS 15-16B.

- City/Agency Loan – 2003 COPS (Item 46): As introduced above, this new ROPS line item seeks authorization for the Agency to pay its remaining obligation for its share of the City 2003 COPS bond proceeds used to construct the Agency's State Farm site public improvements in 2003. After review of ROPS 15-16A, the State of California Department of Finance denied continued tax increment funding for the Agency's proportionate share of the 2003 COPS bond debt service since it concluded that the City and Agency had not sufficiently formalized the Agency's obligation at the time of the bond issue in 2003. Since 2003, through June 2015, the Redevelopment Agency and then Successor Agency have made their proportional annual debt service payment on these City bonds, including payments authorized in annual budgets and on each ROPS since dissolution.

At the time of State of California Department of Finance's new denial, effective June 30, 2015, the Agency's remaining debt service principal and interest obligation for this project was \$1,493,449. This new ROPS 15-16B line item acknowledges the recent State Department of Finance denial and proposes that the transaction be resubmitted under the dissolution act authorities for City/Agency loan repayments. The Dissolution Act limits annual City loan repayments to 50% of the growth in annual surplus tax increment distributed to taxing agencies above the 2012-13 base year. Other approved City/Agency loans fully tap the current allowable loan repayment amount. Any payments for this ROPS line, if approved, would extend long into the future. ROPS 15-16B introduces this new ROPS line item to preserve the long-term obligation but defers RPTTF funding until other previously approved City loans are settled. A companion agenda item has been presented to approve a City/Agency loan agreement to ratify the City's advance of these funds to the Redevelopment Agency.

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- Developer Deposit (Item 45): The Agency's obligation to disburse a pre-dissolution developer deposit has been added to this ROPS as a clean-up item to finish the implementation of the amended Callahan Waterfront development agreement approved by the Oversight Board (Reso #13-09) and approved by the State of California Department of Finance on January 29, 2014. Exhibit B to the amended agreement provides for the disposition of \$45,008 in developer funds that have been held by the Successor Agency since dissolution and reported on prior ROPS in the Agency's report of cash balances. The agreement calls for disbursement to the City for purposes outlined in the agreement. ROPS authority is now requested to disburse this deposit.
  - 2007 New Market Tax Credit Put Agreement (Item 44): This item is submitted to ratify the Agency's pre-dissolution New Market Tax Credit "Put" Agreement obligation of \$29,061 that granted the Agency a \$2 million loan asset and other interests in the private organizations that control the historic Empress Theater property, a performing arts venue in downtown Vallejo. A "Put" is a purchase commitment that obligates the parties to a future purchase transaction. In 2007, the former Redevelopment Agency partnered with a private corporation to leverage New Market Tax Credits through an agreement that provided additional capital funding for the Empress Theater. The private investment augmented the Agency's direct \$4.3 million in pre-dissolution loans to the Empress Theater Associates, LLC and with this loan assignment, the Agency's current loan investment in the theater now totals \$6.3 million.

The Agency's 2007 tax credit agreement extended for seven years, and matured in October 2014. At that time, conforming to the put obligation from the original 2007 tax credit agreement, the Agency assumed full interest in a \$6.3 million loan investment in the theater, increasing Successor assets by the assignment of \$2 million in private investment loans. To finance execution of the Agency's \$29,061 put obligation, the Agency received \$40,665 in loan payment from an escrow funded in 2007, at the time of the original tax credit agreement, for a net cash flow gain of \$11,604. The put obligation has now been included on the ROPS 15-16B as a clean-up item to comply with the Dissolution Act approval process not envisioned or in place at the time the original tax credit agreements were executed in 2007.

This tax credit transaction benefits the Successor Agency and, indirectly, the taxing agencies, through the influx of private investment to improve the downtown Empress Theater property and now through the assumption of \$2 million in loan assets and \$11,604 in short term cash flow receipts. The October 2014 put transaction is the first step in addressing the Agency's investment in the Empress Theater. Under the Dissolution Act, the Agency must wind down its affairs, and future actions will come back to the Successor Agency and Oversight Board as a road map is negotiated for future theater ownership and disposition of Agency assets.

- Housing Successor Administrative Allowance (Item 43)  
State AB 471, effective July 1, 2014, provides funding to local Housing Authorities that assumed the responsibilities of the Housing Successor for the low/moderate income housing programs of former redevelopment agencies. At dissolution, the Vallejo Housing Authority became the housing successor and was assigned the administration of a \$12 million portfolio of former redevelopment low/moderate income housing loans. Ongoing administration activities include monitoring affordability covenants at the subject properties and administering collection of loan payments.

AB 471 authorizes a flat administrative allowance of \$150,000 per year, or up to 1% of tax increment revenue allocations for larger agencies. However, in Vallejo, the costs of administering the loan portfolio are estimated at a lower amount, approximately \$64,700 per year, or .50% of loan assets. Funding was not collected in FY 2014-15, and no catch-up allowance has been requested. FY 15-16 annual funding of \$64,700 has been submitted with ROPS 15-16B.

As a matter of policy, the proposed Housing administrative allowance will reduce the tax increment ultimately distributed to taxing entities. However, this item follows allowable State law, at a reduced nominal reimbursement rate, and acknowledges the cost of the workload assigned to the Housing Authority to support the community's low/moderate income housing objectives.

*Insufficient Tax Increment Cash Flow to Fully Meet ROPS 15-16B Obligations*

ROPS 15-16B presents maturing RPTTF obligations of \$2.46 million in the next six months that exceed anticipated tax increment available for distribution to the Agency of \$1.64 million by approximately \$820,000. The Agency expects this to be a one-time issue related to the significant GVRD North Vallejo Community Center refurbishment project. A portion of the GVRD obligation was authorized and might be partially paid during the ROPS 15-16A period, potentially reducing the actual cash flow required for the ROPS 15-16B. The Agency expects to phase payment of GVRD and other obligations as necessary to operate within available cash flow during the 15-16A and 15-16B cycles. Any unfunded obligations will be resubmitted in future ROPS cycles until the Agency is again current and operating within available tax increment revenues.

**ENVIRONMENTAL REVIEW**

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

**ATTACHMENTS**

Attachment 1 – Resolution Approving ROPS 15-16B

Exhibit A – ROPS 15-16B schedules

**CONTACT**

Ron Millard, Interim Finance Director, 707-648-4502, RMillard@ci.vallejo.ca.us  
Kathleen Diohep, Economic Development Manager, 707-649-3510, Kdiohep@ci.vallejo.ca.us



**OVERSIGHT BOARD RESOLUTION NO. 15-00x**

**A RESOLUTION OF OVERSIGHT BOARD FOR THE SUCCESSOR  
AGENCY OF THE FORMER VALLEJO REDEVELOPMENT AGENCY,  
APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE  
FOR THE PERIOD JANUARY 1, 2016 TO JUNE 30, 2016 (ROPS 15-16B)  
PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I)**

**WHEREAS**, pursuant to AB 1X 26, enacted June 28, 2011 (as found constitutional and as partially reformed by the California Supreme Court in its decision in *California Redevelopment Association v. Matosantos* on December 29, 2011), and as amended by AB 1484, enacted June 27, 2012 (the “Dissolution Act”), the Vallejo Redevelopment Agency, along with all other redevelopment agencies in the State, was dissolved as of February 1, 2012; and

**WHEREAS**, pursuant to the authority provided in Health and Safety Code Section 34173, as enacted by AB 1X 26, the City Council of the City of Vallejo (“City”) elected and determined that the City shall become the “successor agency” to the former Redevelopment Agency, and upon dissolution of the Redevelopment Agency under AB 1X 26, all authorities, rights, powers, duties and obligations previously vested with the former Redevelopment Agency, under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), were vested in the Successor Agency; and

**WHEREAS**, pursuant to Health and Safety Code Section 34173(g), added by AB 1484, the Successor Agency has been designated as a separate public entity from the City; and

**WHEREAS**, pursuant to the Dissolution Act, an Oversight Board has been selected to oversee, direct and approve specified actions of the Successor Agency; and

**WHEREAS**, also pursuant to the Dissolution Act, Successor Agency staff is required to prepare a “recognized obligation payment schedule” (“ROPS”), listing outstanding obligations of the Agency to be paid in the time period January 1, 2016 through June 30, 2016 (“ROPS 15-16B”), submit it for approval by the Oversight Board, and submit an electronic copy to the State Department of Finance (“DOF”) by October 1, 2015.

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER VALLEJO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

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

**Section 2.** The approval of the ROPS through this Resolution does not commit the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

**Section 3.** The Oversight Board hereby approves and adopts the January 1, 2016 through June 30, 2016 ROPS (ROPS 15-16B), in substantially the form attached to this

Resolution as **Exhibit A**, after reduction in the requested funding for Line Item 1, Greater Vallejo Recreation District, to match any contract amendment approved by the Oversight Board, and directs the Successor Agency to submit this information in the DOF-approved electronic format as required under the Dissolution Act.

This resolution was adopted by those present and voting at a regular meeting of the Oversight Board to the Successor Agency of the former Vallejo Redevelopment Agency held on September 24, 2016 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTENTIONS:

\_\_\_\_\_  
ERIN HANNIGAN, Chairperson

ATTEST: \_\_\_\_\_  
DAWN G. ABRAHAMSON, Secretary

## Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary

Filed for the January 1, 2016 through June 30, 2016 Period

Name of Successor Agency: Vallejo  
 Name of County: Solano

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF)</b>	
<b>A Funding Sources (B+C+D):</b>	<b>\$ 74,069</b>
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	74,069
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 2,464,023</b>
F Non-Administrative Costs (ROPS Detail)	2,339,023
G Administrative Costs (ROPS Detail)	125,000
<b>H Total Current Period Enforceable Obligations (A+E):</b>	<b>\$ 2,538,092</b>

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	2,464,023
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(4,206)
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>	<b>\$ 2,459,817</b>

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	2,464,023
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>	<b>2,464,023</b>

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.

Name	Title
/s/	
Signature	Date

Vallejo Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail  
 January 1, 2016 through June 30, 2016  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
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	Funding Source					Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
								\$ 21,238,924		\$ -	\$ -	\$ 74,069	\$ 2,339,023	\$ 125,000	\$ 2,538,092
1	North Vallejo Community Center	Improvement/Infrastr	6/23/2005	9/1/2016	GVRD	Renovation of the Community Center	Floesden	1,755,100	N						\$ 1,755,100
2	North Vallejo Community Center	Project Management Costs	6/23/2005	8/31/2015	To Be Determined	Project Management	Floesden		Y						\$ -
4	Rental subsidy	Business Incentive Agreements	3/12/2008	2/28/2023	Fairgrounds Drive Retail, LLC.	Solano County Lease	Floesden	126,756	Y						\$ -
5	1989 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	1/1/1989	5/1/2019	Wells Fargo Bank	Waterfront Development	Merged Project Area	1,202,614	N				260,685		\$ 260,685
6	1990 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	8/1/1990	9/1/2020	Wells Fargo Bank	Marina Vista & Vallejo Central development	Merged Project Area	2,506,873	N				75,938		\$ 75,938
7	2003 COP - State Farm Project	Bonds Issued On or Before 12/31/10	12/1/2003	12/1/2023	Union Bank	Bond Payments	Merged Project Area	1,493,449	N						\$ -
8	Advances from City	City/County Loans On or Before 6/27/11	2/1/2015	7/1/2032	City of Vallejo General Fund	Redevelopment Activities	Merged Project Area	4,904,771	N						\$ -
26	Tax Allocation Bond, Certification of Participations, Tax Relief Bond.	Fees	10/20/2000	10/1/2032	Bondigistix LLC, Wells Fargo	Debt Service Admin Fee	Merged Project Area	9,750	N				4,200		\$ 4,200
28	Waterfront Properties	Property Maintenance	7/29/2010	7/29/2030	EZ Trees Inc., Coast Landscape Mgmt.	Landscape Services	Merged Project Area	610,000	N						\$ -
29	Temple Art Lofts	Professional Services	10/17/2010	10/14/2067	Temple Art Lofts Associates, L.P.	Building Acquisition, Pre-development cost, Rehab Construction.	Low-Mod	750,000	N						\$ -
30	2001 Vallejo Housing Set-aside	Fees	10/20/2000	10/1/2032	Bondigistix, Wells Fargo Bank	Debt Service Admin Fee	Low-Mod	9,423	N				2,225		\$ 2,225
31	2001 Vallejo Housing Set-aside	Bonds Issued On or Before 12/31/10	8/6/2001	10/1/2031	Wells Fargo Bank	Vallejo Housing Set Aside Bond	Low-Mod	5,903,450	N				126,175		\$ 126,175
33	Administration	Admin Costs	1/1/2016	6/30/2016	City of Vallejo	Administration Cost	N/A	125,000	N					125,000	\$ 125,000
37	Long Range Property Mgmt Plan (LRPMP)	Property Dispositions	7/1/2015	12/31/2015	Municipal Resource Group LLC	Create a plan to manage Successor Agency properties	Merged Project Area	95,000	N						\$ -
41	Long Range Property Mgmt Plan (LRPMP)	Property Dispositions	1/1/2016	6/30/2016	Selected Contractor	Recording fees, Appraisals, Title Reports, Legal and Real Estate Advisor, legal support	Merged Project Area	50,000	N				50,000		\$ 50,000
42	Southern Waterfront	Property Maintenance	7/1/2015	12/31/2015	Selected Contractor	Maintenance/Security	Merged Project Area		N						\$ -
43	Housing Administration	Housing Entity Admin Cost	7/1/2014	6/30/2016	City of Vallejo Housing Authority	Housing Authority Administrative Allowance	N/A	300,000	N				64,700		\$ 64,700
44	2007 New Market Tax Credit Put Agreement	Miscellaneous	7/17/2007	10/10/2014	US Bank	2007 New Market Tax Credit Agreement	Merged Project Area	29,061	N			29,061			\$ 29,061
45	Amended Waterfront Disposition and Development Agreement with Callahan Property Company	Miscellaneous	1/29/2014	6/30/2015	City of Vallejo	Waterfront Developer's Deposit	Merged Project Area	45,008	N			45,008			\$ 45,008
46	Advances from City	City/County Loans On or Before 6/27/11	12/1/2003	12/1/2023	City of Vallejo	Redevelopment Activities	Merged Project Area	1,322,669	N						\$ -

**Vallejo Recognized Obligation Payment Schedule (ROPS 15-16B) - 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 [\[ INSERT URL LINK TO CASH BALANCE TIPS SHEET \]](#)

A	B	C	D	E	F	G	H	I	
		<b>Fund Sources</b>							
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>		<b>Other</b>	<b>RPTTF</b>		
	<b>Cash Balance Information by ROPS Period</b>	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	<b>Comments</b>	
<b>ROPS 14-15B Actuals (01/01/15 - 06/30/15)</b>									
1	Beginning Available Cash Balance (Actual 01/01/15)	1,125,498			2,625	250,535	111,728	Bond Issued Before 12/31/2010 Cash Balance restated to show the additional reserve requirement of \$11,165 previously reported as part of the Other Beginning Cash Balance. Other Beginning Cash Balance corrected from originally reported \$391,411 balance to \$250,535 to reflect actual lease revenue collected and restatement of Bond Issued Cash Balance. RPTTF cash balance equals to unspent ROPS 13-14B = \$101,728 and unspent ROPS 14-15A = \$10,000 that were applied as a PPA amount to reduce the RPTTF distributed in ROPS 14-15B and 15-16A.	
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015	10				83,028	1,073,633		
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q				2,625	8,659	649,270		
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,125,508				0	521,886	Retention of bond proceeds of \$1,125,508 equals to total restricted reserve fund account balances ( required by indenture). Retention of \$521,886 RPTTF authorized by Finance as advance debt funding for ROPS 15-16 A bond payments.	
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S	No entry required						4,206	Unspent ROPS14-15B applied as a PPA amount reducing RPTTF distribution in ROPS 15-16B.
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 324,904	\$ 9,999	Unspent ROPS14-15A applied as a PPA amount reducing RPTTF distributed in ROPS 15-16A.	
<b>ROPS 15-16A Estimate (07/01/15 - 12/31/15)</b>									
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 1,125,508	\$ -	\$ -	\$ 521,886	324,904	\$ 14,205		
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during June 2015					68,580	621,962		
9	Expenditures for ROPS 15-16A Enforceable Obligations (Estimate 12/31/15)				521,886	410,496	631,961	Amount shows full ROPS 15-16 A approved spending authority.	
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,125,508				0		Retention of bond proceeds of \$1,125,508 equals to total restricted reserve fund account balances ( required by indenture).	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	(17,012)	\$ 4,206		



**Vallejo Recognized Obligation Payment Schedule (ROPS 15-16B) - Notes  
January 1, 2016 through June 30, 2016**

Item #	Notes/Comments
2	This ROPS line is retired. The project management costs will be covered within the \$1.7M renovation costs on item# 1.
4	This ROPS line is retired. The lease agreement expired and not renewed.
43	This new Housing Authority administration allowance has been authorized by AB 471, effective July 2014. Housing Authorities that serve as Housing Successors may claim a minimum of \$150,000 per year in administrative allowance.
44	This new ROPS line item is to ratify the Agency's pre-dissolution 2007 New Market Tax Credit Put obligation. The obligation matured in October 2014. Through the agreement, the Agency was assigned a \$2 million loan receivable and other interests in the historic Empress Theater, a performing arts venue in downtown Vallejo.
45	This new Developer deposit ROPS line has been added to implement Section 113 item# 3 page 13 of the Fourth Amended and Restated Disposition and Development Agreement (DDA) with the Callahan Property Company for Successor Agency to obtain any necessary approval to allow the distribution of the additional deposit first portion fund balance of \$45,008 to the City as approved by Oversight Board per RESO# 13-09 on December 19, 2013 and by Department of Finance per letter dated January 29, 2014.
46	This Advance from the City has been added to the ROPS to provide replacement funding for former ROPS line 7, the 2003 COPS debt service obligation. The City advanced a portion of its 2003 bond issue to the Agency in 2003 to finance its State Farm site public improvements. Effective July 1, 2015, the State DOF has denied RPTTF funding to continue debt service on the Agency's share of the City bonds. This ROPS line establishes prospective RPTTF funding through the City/Agency advance provisions of AB 1484.