

## 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, JANUARY 28, 2016  
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 December 17, 2015 regular meeting
- 4. OLD BUSINESS – None.**
- 5. NEW BUSINESS**
  - A. **Report from Legal Counsel Concerning Impacts of SB 107**
  - B. **Adopt a Resolution Approving the Recognized Obligation Payment Schedule for July 1, 2016 Through June 30, 2017 ("ROPS 16-17")**  
Recommendation: Adopt a Resolution approving the Recognized Obligation Payment Schedule for July 1, 2016 through June 30, 2017 ("ROPS 16-17")

**C. Adopt a Resolution Finding that City/Redevelopment Agency Pre-Dissolution Loans Were for Legitimate Redevelopment Purposes Pursuant to Health and Safety Code Section 34191.4(b) and Approving the Loan Agreement as an Enforceable Obligation**

Recommendation: Adopt a Resolution finding that City/Redevelopment Agency Pre-Dissolution Loans were for legitimate Redevelopment purposes pursuant to Health and Safety Code Section 34191.4(b) and approving the Loan Agreement as an enforceable obligation

**6. AGENDA ITEMS FOR FUTURE MEETINGS**

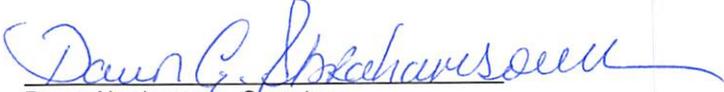
**A. Discussion of Agenda Items for Future Meetings and Future Meeting Dates**

**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, January 21, 2016.

Dated: January 21, 2016

  
Dawn Abrahamson, Secretary

**CITY OF VALLEJO OVERSIGHT BOARD  
FOR THE SUCCESSOR AGENCY TO THE VALLEJO REDEVELOPMENT AGENCY  
REGULAR MEETING MINUTES  
DECEMBER 17, 2015**

**1. CALL TO ORDER**

The meeting was called to order by Chair Hannigan at 8:30 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) (arrived at 8:32 a.m.), Boardmembers Bishop (County Superintendent of Education Appointee), Dew-Costa (Mayor of Vallejo Appointee), Lea (Chancellor of California Community College Appointee), and McAfee (GVRD, largest Special District Appointee)

**Boardmembers Absent:** Boardmember Truelsen (Solano County Board of Supervisors' Public Member Appointee)

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

**3. APPROVAL OF THE MINUTES**

**A. Approval of the Minutes from the September 24, 2015 Special Meeting**

**Action:** Moved by Boardmember McAfee, seconded by Boardmember Lea and carried by vote of members present, approval of the minutes from the September 24, 2015 special meeting (Absent: Taylor and Truelsen; Abstain: Bishop).

**4. OLD BUSINESS – None**

**5. NEW BUSINESS**

**A. Approving the Revised Vallejo Successor Agency's Long Range Property Management Plan and Authorizing the Transfer of Parcels After the Plan Has Been Approved**

Recommendation: Adopt a Resolution approving a revised Long Range Property Management Plan, and once the revised Long Range Property Management Plan is approved by the State of California, authorizing the Successor Agency to transfer certain parcels to the City of Vallejo

Economic Development Manager Diohep provide an overview of the proposed changes to the Long Range Property Management Plan and responded to questions from Boardmembers. Boardmembers provided comment.

**Speakers:** None.

**Action:** Moved by Vice Chair Taylor, seconded by Boardmember Lea, and carried unanimously by members present, to adopt Resolution No. 15-008 (Absent: Truelsen)

## **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. Potential upcoming items will include the approval of the ROPS for July 1, 2016 through December 30, 2016, which is due to the Department of Finance by February 2016.

Staff will follow up with Boardmembers on the January 2016 meeting date which will either be held on Thursday morning, January 28 or Friday morning January 29.

Boardmembers requested staff to provide an update at their next meeting on SB 107 and implications on repayment of City Loans.

## **7. ADJOURNMENT**

The meeting adjourned at 8:44 a.m.

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ERIN HANNIGAN, Chair

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DAWN G. ABRAHAMSON, Secretary



**DATE:** January 28, 2016  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Michael H. Roush, Legal Counsel  
**SUBJECT:** IMPACT OF SB 107 ON OVERSIGHT BOARD

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## **INTRODUCTION**

In the last legislative session, the State Legislature passed and Governor Brown signed into law SB 107, which amended in a number of respects the Health and Safety Code concerning the dissolution and winding up of former redevelopment agencies. At the Oversight Board's last meeting on December 17, 2015, Board Member McAfee requested an overview of the impacts SB 107, signed into law in September 2015, will have on Oversight Boards. The purpose of this report is to provide that overview.

SB 107 made a number of significant changes to the law concerning the dissolution and winding up of redevelopment agencies. The statute extended the terms of office of current Oversight Boards but made other changes such that Oversight Boards may not need to meet as regularly as before. These items are discussed below. In addition, one of the most significant provisions SB 107 concerns the repayment of prior loans that cities made to the former redevelopment agencies and that issue will also be discussed below.

### **Oversight Boards**

The initial redevelopment agency dissolution statutes created Oversight Boards for each Successor Agency to a Redevelopment Agency. At the time, the Legislature apparently believed that most of the oversight responsibilities would be accomplished by July 1, 2016 and therefore as of July 1, 2016, in each county in which there were more than one oversight board, there would be only one, consolidated County-wide Oversight Board. Because there is more than one Oversight Board in Solano County, the terms of office of this Board would come to an end as of June 30, 2016.

Recognizing, however, that the winding up of the affairs of the former redevelopment agencies statewide has taken longer than originally expected, SB 107 postpones the commencement of the consolidated County-wide Oversight Board until July 1, 2018. Accordingly, the Vallejo Oversight Board will continue to meet until July 1, 2018 unless the statute is amended either to move up the July 1, 2018 date or, perhaps more likely, to extend that date beyond July 2018.

Notwithstanding extending the terms of office of sitting Oversight Boards, SB 107 did a couple of things that should result in the Oversight Board not needing to meet as frequently as before. First, the Recognized Obligation Payment Schedules (ROPS) need only be submitted annually, rather than twice a year. On the Board's January 28, 2016 agenda are the ROPS for 2016-2017, i.e., from July 1, 2016 through June 30, 2017. Presumably the Oversight Board will not need to meet again as to the ROPS until January 2017, although the ROPS may be amended which would call for Board action. Moreover, in January 2017 it may be possible for the Successor Agency to submit a Last and Final ROPS. (Certain conditions, such as all remaining obligations of the Successor Agency had to be previously listed on the ROPS, have to be met.) If that were to occur, then unless there were other reasons for the Board to meet, it would not need to meet again thereafter, pending the implementation of the County-wide Oversight Board.

Second, SB 107 provides that Oversight Boards no longer need to send certain items to the Department of Finance for its approval, including meeting agendas and minutes, administrative budgets, transfers of property pursuant to a Long Range Property Management Plan and transfers of property to be retained by a city for future development pursuant to a Long Range Property Management Plan, although there does appear to be somewhat of a conflict in another portion of SB 107 that states that the Oversight Board must submit resolutions regarding sales of property to third parties to the Department of Finance. While the Oversight Board may therefore need to meet from time to time in order to adopt resolutions to approve these sales or transfers of real property, the meetings will only be as needed and not driven by a Department of Finance deadline.

Finally, if before July 1, 2018, should all of the Successor Agency's enforceable obligations be retired or paid off, all real property disposed, and any outstanding litigation resolved, the Successor Agency would submit a request to the Oversight Board to formally dissolve. If the Board and the Department Finance approve, the Successor Agency would be dissolved and hence, the Board would no longer need to be in existence either.

Although it may be unlikely that the Successor Agency will be able to formally dissolve before July 1, 2018, other changes resulting from SB 107 should result in the Oversight Board's not needing to meet as frequently as in the past. At the meeting on January 28, 2016, staff may be able to advise the Board whether staff believes any further meetings will be necessary in the next six months.

### Loans

As mentioned above, SB 107 enacted helpful provisions concerning the repayment of previous loans that a city made to a former redevelopment agency. If a successor agency has received a finding of completion, which the Vallejo Successor Agency has, the Oversight Board may revitalize a loan agreement between the former redevelopment agency and the city under the following circumstances:

1. Loans for money where the city provided cash to the redevelopment agency and where the redevelopment agency was obligated to repay the money pursuant to a repayment schedule.
2. Agreements where the city transferred real property to the redevelopment agency and the agency was obligated to repay the city for the property.
3. Agreements where the city contracted with a third party on behalf of the redevelopment agency for the development of infrastructure in connection with a redevelopment project and the agency was obligated to reimburse the city for the payments made to the third party.

Because the City made a number of loans to the former Redevelopment Agency, and because Oversight Board approval of such revitalized loans is a requirement, one of the agenda items on for the Board's meeting on January 28 is consideration of the remaining loan agreements based on the new criteria in SB 107. If the Board adopts a resolution approving those loan agreements and the Department of Finance concurs, the Board will not need to meet again to consider such agreements.

### CONCLUSION

In addition to the above, SB 107 made other changes concerning the use of certain bond proceeds, public parking facilities, the repayment of federal grants or loans and limitations on future legal expenditures. For the most part, these items do not directly affect the Oversight Board and it is not anticipated that any of these items will cause the Board to meet in the near future. If the Board, however, has an interest in any of these items, the item or items could be placed on the Board's next agenda.

Please let me know if you have any questions concerning these matters before the meeting (925-876-7525; [mhrlegal@comcast.net](mailto:mhrlegal@comcast.net)). Otherwise, I will be prepared to answer any questions at the meeting.



**DATE:** January 28, 2016  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Ron Millard, Finance Director  
Kathleen Diohep, Economic Development Manager  
**SUBJECT:** ADOPT A RESOLUTION APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE FOR JULY 1, 2016 THROUGH JUNE 30, 2017 ("ROPS 16-17")

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### **RECOMMENDATION**

Adopt a Resolution approving the Recognized Obligations Payment Schedule for July 1, 2016 through June 30, 2017 ("ROPS 16-17").

### **REASONS FOR RECOMMENDATION**

Pursuant to State Health & Safety Code Section 34177, successor agencies to former redevelopment agencies are required to prepare and submit a Required Obligation Payment Schedule ("ROPS") to authorize debt service and other disbursements for the upcoming ROPS reporting period. Successor agencies receive an allocation of available property tax increment from the County Redevelopment Property Tax Trust Fund ("RPTTF") up to the amount of approved ROPS disbursements. The proposed Resolution approves \$1.2 million of RPTTF funding for the July 1, 2016 to June 30, 2017 ROPS reporting period.

ROPS 16-17 is scheduled to be considered for approval by the Successor Agency Board on January 26, 2016. Following consideration by the Oversight Board, the Health and Safety Code requires an approved ROPS 16-17 to be filed with the State of California Department of Finance ("DOF") by February 1, 2016.

### **BACKGROUND AND DISCUSSION**

In 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 (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 in 2012, the primary purpose of which was 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 was further amended by SB 107 on September 22, 2015.

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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 the upcoming ROPS reporting period. 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 16-17 for the period July 1, 2016 through June 30, 2017 has been submitted for approval by the Successor Agency Board at its meeting on January 26, 2016. It must be approved by the Oversight Board before being submitted to DOF by February 1, 2016.

DOF has created a specific format for ROPS submission and provides required ROPS templates to successor agencies for completion. Following the adoption of SB107, ROPS 16-17 is the first ROPS report presented on an annual basis. The annual report includes separate disbursement schedules for two six-month tax distribution periods within the year.

ROPS 16-17 is presented as Exhibit A to the proposed Resolution (Attachment 1). The ROPS report includes four schedules as required by DOF, including 1) Summary of requested funding; 2) Detail of requested funding by specific obligation; 3) Cash Balance Report with actual and projected cash flow; and 4) Notes Section, if any explanatory information is necessary to support the detail funding request.

## **FISCAL IMPACT**

### *Revenue*

Activities for the ROPS 16-17 period will be financed from property tax increment revenues distributed by the County from its Redevelopment Property Tax Trust Fund (RPTTF) in two installments (June 1, 2016 and January 1, 2017). Based upon the last two County property tax increment revenue allocations, the Agency anticipates RPTTF revenues for the ROPS 16-17 period of approximately \$3.4 million, before considering any anticipated annual growth from assessed property value appreciation during the year.

After deducting County fees and statutory/contractual pass-through obligations to other taxing entities, the Agency anticipates approximately \$2.6 million of RPTTF funding will be available to finance Successor Agency enforceable obligations for the ROPS 16-17 period. \$1.2 million is proposed for draw by the Successor Agency to meet debt service and other obligations, with \$1.4 million in projected surplus available for distribution to the taxing entities.

This 2016-17 surplus tax increment projection is improved since the last ROPS 15-16B report. The Agency expects to complete its capital project obligations by June 30, 2016. By reducing the draw from tax revenues to fund capital projects, the surplus tax increment available for distribution to taxing agencies is expected to increase for 2016-17.

### *Expenditures*

ROPS 16-17 funding requests total \$1.5 million, including \$1.2 million from County RPTTF tax increment distributions and \$0.3 million from rents and other local sources. No new items are presented for consideration in the 16-17 ROPS cycle.

*Bond Repayments and Fees (Items 5-6, 26, 30-31)*

Redevelopment Agencies typically issued bonds 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. Bonds issued by the Vallejo Redevelopment Agency 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.

*Administrative Costs (Item 33)*

The Successor Agency is provided an administrative allowance under the Dissolution Act of a minimum allocation of \$125,000 for each semi-annual ROPS period. This allowance covers staff time, overhead, and all other Agency 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. With the recent DOF approval of the Agency's Long-Range Property Management Plan on December 30, 2015, property disposition can now proceed. \$25,000 in ROPS funding has been requested for each six month period in the 16-17 ROPS cycle. The requested funding is an estimate for recording fees, title reports, appraisal, real estate and legal support.

*Repayment of City Advances (Item 8)*

The Agency has received State DOF approval to begin repayment of a portion of its City/Agency pre-dissolution loans. For approved loans, the Dissolution Act allows annual City loan repayments to be made from up to 50% of the growth in surplus tax increment from the 2012-13 base measurement year. ROPS 16-17 can include loan repayment from the growth in tax increment surplus through ROPS 15-16. Because of the limited surplus tax increment in the 15-16 ROPS measurement period, only \$34,974 in City loan repayment is eligible for ROPS 16-17 funding. With anticipated ROPS 16-17 revenue and the proposed ROPS 16-17 funding request, the tax increment surplus will continue to grow, and the eligible City loan repayment is expected to exceed \$500,000 for the ROPS 17-18 period.

The State has recognized payment obligations for some, but not all, of the City/Agency pre-dissolution loans addressed by the Successor Agency and Oversight Board in their February 10, 2015 and February 12, 2015 actions, respectively, to reestablish repayment eligibility (Successor Agency Resolution #15-001; Oversight Board Resolution #15-001). 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. 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.

Recent State legislation, SB107, enacted on September 22, 2015, includes new criteria that may allow the Agency's remaining City "reimbursement agreement" advances to become eligible for repayment. Further, SB 107 adjusts allowable interest on City advances retroactively to 3% per year. DOF staff advised the Agency that a new Oversight Board resolution is necessary to initiate their reconsideration of City advances under the new SB107 criteria. This action is scheduled as a separate agenda item for Oversight Board consideration. Because ROPS 16-17 already proposes the maximum annual funding for City/Agency loan repayments for loans already approved by the State, reconsideration and recognition of the remaining pre-dissolution City loans as enforceable obligations will not impact the current ROPS 16-17 under consideration. Instead, it would recognize additional loan repayments in future cycles as available tax increment becomes available.

### Results from DOF review of Prior ROPS 2015-16B

After its review of the Agency's ROPS 2015-16B submission, the State DOF made the following determinations regarding the Agency's authority to receive and spend RPTTF tax revenue in the January to July 2016 ROPS cycle. All other 15-16B ROPS items were approved by the State DOF.

#### *Housing Authority Administrative Allowance*

The State DOF has denied the Agency's request to draw RPTTF for Housing Authority administrative items. Despite the Housing Authority's standing as a government agency that is legally separate from the City, the State concluded that the Authority is too closely connected to the City to qualify for funds to administer the Housing Successor activities of the Former Redevelopment Agency.

#### *2003 COPS/Bond Proceeds Advance from City to Agency*

The State DOF has denied the Agency's request to draw RPTTF to repay the City for its prorata share of 2003 COPS debt service for the proceeds it received to fund infrastructure improvements for the State Farm development project. The Agency had submitted this item for ROPS approval in two forms, first as direct debt service, on ROPS 15-16A, and then again on ROPS 15-16 B as repayment of a City advance. Staff has provided extensive documents to the DOF in the form of staff reports, State Controller Reports, and audited financial statements to demonstrate the intent of the parties regarding this 2003 COPS obligation. However, DOF has concluded that the Agency did not sufficiently formalize its repayment obligation to the City at the time of the City's bond issue in 2003, and will not recognize a current Agency action to ratify its 2003 COPS obligation. With DOF denial, the Agency's remaining \$1,493,449 debt service principal and interest obligation for this project becomes a City General Fund obligation.

### Next Steps

ROPS 16-17 provides funding for Agency obligations through June 30, 2017. The Dissolution Act provides for an optional midyear revision, if circumstances change, and a successor agency needs to adjust its funding request for the 16-17B tax distribution period. Absent a midyear revision, the Agency's next scheduled ROPS report will be ROPS 17-18, with funding requests for the July 2017 to June 2018 fiscal period. ROPS 17-18 will be due to the State by February 1, 2017, with Successor Agency and Oversight consideration anticipated in January 2017. At that time, if remaining obligations are limited to fixed debt and loan payments, the Agency will be eligible to submit a Last and Final ROPS for consideration. If approved at that time, County tax distributions will be automatically allocated to cover the Agency's remaining obligations, and no further ROPS reports would be required.

### 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 16-17  
Exhibit A – ROPS 16-17 schedules

### CONTACT

Ron Millard, 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.**

**A RESOLUTION OF OVERSIGHT BOARD FOR THE SUCCESSOR  
AGENCY OF THE FORMER VALLEJO REDEVELOPMENT AGENCY,  
APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE  
FOR THE PERIOD JULY 1, 2016 TO JUNE 30, 2017 (ROPS 16-17)  
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 July 1, 2016 through June 30, 2017 ("ROPS 16-17"), submit it for approval by the Oversight Board, and submit an electronic copy to the State Department of Finance ("DOF") by February 1, 2016.

**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 July 1, 2016 through June 30, 2017 ROPS (ROPS 16-17), in substantially the form attached to this Resolution as **Exhibit A**, 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 January 28, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

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

ATTEST:

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

**Recognized Obligation Payment Schedule (ROPS 16-17) - Summary**  
 Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: Vallejo  
 County: Solano

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>		<b>16-17A Total</b>	<b>16-17B Total</b>	<b>ROPS 16-17 Total</b>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF)</b>				
<b>A</b>	<b>Funding Sources (B+C+D):</b>	<b>\$ 352,562</b>	<b>\$ -</b>	<b>\$ 352,562</b>
B	Bond Proceeds Funding	-	-	-
C	Reserve Balance Funding	-	-	-
D	Other Funding	352,562	-	352,562
<b>E</b>	<b>Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 580,045</b>	<b>\$ 617,020</b>	<b>\$ 1,197,065</b>
F	Non-Administrative Costs	455,045	492,020	947,065
G	Administrative Costs	125,000	125,000	250,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 932,607</b>	<b>\$ 617,020</b>	<b>\$ 1,549,627</b>

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

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

/s/ \_\_\_\_\_  
 Signature Date



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

Pursuant to Health and Safety Code section 34177 (I), 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 <a href="#">CASH BALANCE TIPS SHEET</a>										
A	B	C	D	E	F	G	H	I		
	Cash Balance Information by ROPS Period	Fund Sources					Other	RPTTF	Comments	
		Bond Proceeds		Reserve Balance		Rent, grants, interest, etc.				Non-Admin and Admin
		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)					
<b>ROPS 15-16A Actuals (07/01/15 - 12/31/15)</b>										
1	Beginning Available Cash Balance (Actual 07/01/15)	1,125,508				521,885	979,904	14,206	Other Beginning Cash balance corrected from originally reported \$324,904 balance to \$979,904 to reflect city payment of \$655,000 unallowed transfers. RPTTF cash balance equals to unspent ROPS 14-15A= \$10,000 and unspent ROPS 14-15B of \$4,206 that were applied as a PPA amount to reduce the RPTTF distributed in ROPS 15-16A and 15-16B.	
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015	4,193					115,833	621,962		
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)					521,885	319,833	510,843		
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,129,701							Retention of bond proceeds of \$1,129,701 equals to total restricted reserve fund account balances (required by indenture).	
5	ROPS 15-16A RPTTF Balances Remaining	No entry required						121,119		
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775,904	\$ 4,206	Unspent ROPS 14-15B of \$4,206 that were applied as a PPA amount to reduce the RPTTF distributed in ROPS 15-16B.	
<b>ROPS 15-16B Estimate (01/01/16 - 06/30/16)</b>										
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 1,129,701	\$ -	\$ -	\$ -	\$ -	\$ 775,904	\$ 125,325		
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016						72,380	1,468,364		
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)						495,722	1,472,570	Amount shows full ROPS 15-16B approved spending authority.	
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,129,701								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,562	\$ 121,119	Unspent ROPS 15-16A of \$121,119 that will be applied as a PPA amount to reduce the RPTTF distribution in ROPS 16-17.	



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

Item #	Notes/Comments



**DATE:** January 28, 2016  
**TO:** Chairperson and Members of the Oversight Board  
**FROM:** Ron Millard, Finance Director  
**SUBJECT:** ADOPT A RESOLUTION FINDING THAT CITY/REDEVELOPEMNT AGENCY PRE-DISSOLUTION LOANS WERE 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 City/Redevelopment Agency pre-dissolution loans were 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**

The City of Vallejo (City), the Successor Agency (Agency), and the Oversight Board each took actions in February 2015 to approve a City/Agency Loan Agreement which updated repayment terms for the City's pre-dissolution loans to the former Redevelopment Agency to comply with current redevelopment dissolution law as established in the State Health and Safety Code. The City's pre-dissolution loans had financed various Redevelopment Agency projects from 1976 to 2007. The February 2015 City/Agency Loan Agreement provided for the repayment of eight individual City pre-dissolution loans.

After review of the February 2015 Oversight Board action, the State Department of Finance (DOF) approved five of the eight individual loans proposed for repayment, and denied the three oldest loans ("Pre-1990 Loans") since it determined the form of City assistance for those three loans was a reimbursement for services, rather than a cash advance to the Agency.

Subsequently, on September 22, 2015, the State enacted SB107, which broadened the criteria for recognized City/Agency loan agreements and provided new authority for Agencies to "revitalize" reimbursement agreements as City loans now eligible for repayment. The current proposed Oversight Board action repeats and updates findings made in February 2015 for these three remaining loans to comply with new SB107 criteria. Submission of a new Oversight Board resolution to the DOF will facilitate the DOF's reconsideration of these three loans under new SB107 criteria and allow the Agency to complete its implementation of the City/Agency Loan Agreement adopted by the parties in February 2015.

### **BACKGROUND AND DISCUSSION**

At various times over the last 40 years, the City supported the Redevelopment Agency with loans in order for the Redevelopment Agency to complete projects pursuant to its Implementation Plan. City

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funds were advanced with the anticipation of repayment. On March 6, 1991, the City and the Redevelopment Agency entered into a Repayment Agreement to document the City's loans and to provide for the Redevelopment Agency's repayment to the City. The loans carried a 4% interest rate. On March 10, 2011, an Amended and Restated Repayment Agreement was approved by the City and Redevelopment Agency to more clearly set forth the terms for repayment of the City loans that dated prior to March 6, 1991. Between 1998 and 2011, additional loans for specific projects were also advanced by the City. On January 31, 2012, at the time of the dissolution of the Redevelopment Agency, redevelopment projects had the following outstanding balances on City loans, including accrued interest:

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Originally, after the Agency's dissolution on January 31, 2012, City/Agency loans were not recognized as Enforceable Obligations of the Successor Agency. However, upon receipt of a "Finding of Completion" from the State Department of Finance, Successor Agencies could request recognition of these loans, subject to certain conditions.

Required Conditions for Recognition of City Loans as Enforceable Obligations

The California Health and Safety Code Section 34191.4(b), added by 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 of 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).
  - The redevelopment projects financed by City loans have been reviewed by staff and were determined to be capital projects within the scope of the Agency's Implementation Plan.
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.
  - At the time of the February 2015 Oversight Board action, the most recent published interest rate published by LAIF was 0.267% (December 2014).

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2. Loan repayments to the City are limited until Fiscal Year 2014-15 unless DOF approves earlier repayment. Repayments must be made according to a defined schedule over a "reasonable term of years." The maximum annual repayment is limited to allow the City and Taxing Agencies to share 50/50 in the growth in surplus tax increment. Accordingly, payments are 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").
    - Using this formula, \$128,238 was approved by DOF for loan repayment on ROPS 15-16A.
  3. 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.
  4. 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 and will receive 20% of loan repayments.

A Ratification and Amendment to Loan Agreement, attached hereto as Exhibit A to Attachment A, incorporates the relevant conditions above, and was adopted by the City Council and Successor Agency on February 10, 2015. The Oversight Board made findings and approved the Loan Agreement Amendment as an Enforceable Obligation on February 12, 2015 (Resolution #15-001).

Upon review of Oversight Board Resolution #15-001, the DOF issued its determination letter on March 26, 2015 (Attachment B). Five of eight loans were approved for repayment (Four loans for the Empress Theater and the Georgia Street Loan). However, the three oldest loans (Central, Marina Vista, and Waterfront, the "Pre-1990 Loans") were denied since the DOF determined the form of City assistance for those three loans was a reimbursement for services, rather than a cash advance to the Agency.

Subsequently, on September 22, 2015, the State enacted SB107, which broadened the criteria for recognized City/Agency loan agreements and provided new authority for Agencies to "revitalize" reimbursement agreements as City loans now eligible for repayment. The current proposed Oversight Board action repeats and updates findings made in February 2015 for these three remaining loans to comply with new SB107 criteria. A finding has been added to augment evidence of the Agency's Pre-1990 loan obligation, in the form of a 1991 Repayment Agreement, and through reference to the Agency's twelve annual loan repayment disbursements to the City totaling \$3.3 million from 1993 through the date of dissolution in 2012. Submission of a new Oversight Board resolution to the DOF will facilitate the DOF's reconsideration of these three loans under new SB107 criteria and allow the Agency to complete its implementation of the City/Agency Loan Agreement adopted by the parties in February 2015.

## **FISCAL IMPACT**

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Recognition of the three Pre-1990 loans as enforceable obligations will restore the Agency's repayment obligation to the City to the balance approved by the City and Successor Agency of \$4,922,579. Currently, DOF has approved only the Empress and Georgia Street loans for repayment. This is an increase of \$450,555.

Further, SB107 amends the eligible interest rate to be paid on City/Agency loans. The original City/Agency loan agreements carried a 4% interest rate at the date of dissolution. After dissolution and prior to SB107, interest on City/Agency loans was limited to the State's Local Agency Investment Fund rate of return, which was 0.267% at the time of the February 2015 Loan Amendment. At that time, the City and Agency adjusted the value of inception-to-date interest on pre-dissolution loans to the December 2014 effective LAIF rate, which decreased the outstanding loan balances by \$9.3 million, from \$14.2 million to \$4.9 million. Now, with SB107, eligible interest on City/Agency loans is again retroactively adjusted to 3%, with further prospective adjustment to 4% at such time that the Agency receives approval for a Last and Final ROPS. The proposed resolution acknowledges this interest rate adjustment to 3%, and future adjustment to 4%, to match the allowable provisions of SB107.

The proposed Resolution and corresponding recognition of the three Pre-1990 loans as enforceable obligations will not change short-term cash flow for the Agency or for the taxing agencies that receive surplus tax increment distributions. City loan repayments continue to be capped at 50% of the growth in annual tax increment surplus since the base 2012-13 fiscal year. ROPS 16-17 proposes \$34,974 in annual City loan repayment through this formula. Instead, recognition of the three Pre-1990 loans will extend City loan repayments by \$450,555 in today's dollars, over the next fifteen years.

### **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 loans were 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.
- Attachment B      March 26, 2015 – State DOF Oversight Board Action Determination - #15-001
- Attachment C      State of California Department of Finance - Finding of Completion
- Attachment D      Redevelopment Agency of the City of Vallejo - Repayment Agreement – 1991

**CONTACT**

Ron Millard, 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 LOANS BETWEEN THE CITY OF VALLEJO AND THE FORMER VALLEJO REDEVELOPMENT AGENCY WERE 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, as summarized in the agenda report on this item and staff presentation, and including the following individual loans:

1) Waterfront Project Loan	1976	\$825,305
2) Marina Visa Project Loan	1978	\$1,488,608
3) Central Project Loan	1989	\$1,296,947
4) Empress Theater Loan	2004	\$2,828,000
5) Georgia Street Extension	2004	\$500,000
6) Empress Theater Loan No. 2	2005	\$796,000
7) Empress Theater Loan No. 3	2005	\$172,000
8) Empress Theater Loan No. 4	2007	\$500,000; and

WHEREAS, the combined outstanding balance of these loans, including interest, totaled \$14,199,650 as of February 1, 2012; and

WHEREAS, accumulated interest on the loans was recalculated under Health and Safety Code requirements from the date of loan origination at the Local Agency Investment Fund ("LAIF") interest rate of 0.267% as of December 31, 2014, reducing the balance of accumulated interest by \$9.3 million, making the new outstanding loan balance \$4,922,579 as of June 30, 2014; and

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 State Department of Finance ("DOF") 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, on February 10, 2015, the City Council and Successor Agency approved and submitted to the Oversight Board a Ratification and Amendment of Loan Agreement (the "Amendment") for consideration and approval; and

WHEREAS, on February 12, 2015, the Oversight Board approved Resolution #15-001, finding the pre-dissolution loans between the City of Vallejo and the former Vallejo Redevelopment Agency were for legitimate redevelopment purposes pursuant to Health & Safety Code Section 34191.4(b) and approving the loan agreement Amendment as an enforceable obligation; and

WHEREAS, upon consideration of Oversight Board Resolution #15-001, in its determination letter of March 26, 2015, the DOF approved the following City/Agency loans as enforceable obligations:

4) Empress Theater Loan	2004	\$2,828,000
5) Georgia Street Extension	2004	\$500,000
6) Empress Theater Loan No. 2	2005	\$796,000
7) Empress Theater Loan No. 3	2005	\$172,000
8) Empress Theater Loan No. 4	2007	\$500,000; and

WHEREAS, also upon consideration of Oversight Board Resolution #15-001, in its determination letter of March 26, 2015, the DOF did not approve the remaining following City/Agency loans as enforceable obligations, since DOF determined that the nature of the loans were a reimbursement agreement to repay the City for purchases made by the City on behalf of the Agency, rather than a City cash advance to the Agency ("the Pre-1990 Loans"):

1) Waterfront Project Loan	1976	\$825,305
2) Marina Visa Project Loan	1978	\$1,488,608
3) Central Project Loan	1989	\$1,296,947; and

WHEREAS, on September 22, 2015, the State of California enacted SB107, which amended the provisions of the Health and Safety Code to expand the criteria for recognition of pre-dissolution City/Agency loans as enforceable obligations, which now allows Agencies to “revitalize” reimbursement agreements as enforceable obligations; and

WHEREAS, SB107 also adjusted the allowable interest rates on City/Agency loan agreements, retroactively for unpaid balances, to 3% annual interest; and prospectively to 4% after an Agency receives approval for a Last and Final ROPS; and

WHEREAS, to implement the City/Agency loan repayment agreement previously approved by the City and Successor Agency on February 10, 2015, and by the Oversight Board on February 12, 2015, the Oversight Board must submit a new resolution the DOF to initiate the DOFs reconsideration of the previously denied Pre-1990 loans under new SB107 criteria; and

WHEREAS, the former Redevelopment Agency has evidenced its repayment obligation for these Pre-1990 loans through adoption of a repayment agreement in 1991 and by disbursing 12 annual payments to the City totaling \$3.3 million between 1993 and the date of the Agency’s dissolution in 2012, demonstrating the Agency’s commitment and intent to repay the City for its Pre-1990 loan obligations;

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 following Pre-1990 loans were validly entered into, for valid redevelopment purposes and that the loans were therefore made for legitimate redevelopment purposes. This finding is based upon the evidence contained in the agenda staff report and presented at the Oversight Board meeting on this issue.

1) Waterfront Project Loan	1976	\$825,305
2) Marina Visa Project Loan	1978	\$1,488,608
3) Central Project Loan	1989	\$1,296,947

SECTION 3. The Oversight Board hereby finds and determines, based on all the evidence in the record before it, that the Pre-1990 Loans are an enforceable obligation and may be listed on the Successor Agency’s ROPS.

SECTION 4. The Agency has demonstrated its obligation and intent to repay the City for its Pre-1990 Loans by adoption of a repayment agreement in 1991 and through its 12 annual payments to the City totaling \$3.3 million from 1993 to the date of Redevelopment Agency dissolution in 2012.

SECTION 5. The repayment of loans to the City shall be in accordance with the terms of the Amendment, attached hereto as Exhibit A and incorporated herein by reference; however, in compliance with newly enacted SB107, the effective annual interest rate on all the City/Agency loans in this agreement shall be adjusted to 3%, and will prospectively adjust to 4% upon approval of the Successor Agency’s Last and Final ROPS.

SECTION 6. In the event insufficient RPTTF moneys are available to make a complete payment on the loans 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 7. 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 of the Successor Agency of the former Vallejo Redevelopment Agency held on January 28, 2016 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTENTIONS:

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

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

## EXHIBIT A

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

This RATIFICATION AND AMENDMENT TO LOAN AGREEMENT (this "Amendment") is entered into this 10th day of February 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 Amendment 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 have entered into a series of repayment contracts dating back to 1976 which were consolidated in a Repayment Agreement dated March 6, 1991 (the "Repayment Agreement") whereby the Redevelopment Agency agreed to repay the City for its contributions to the Waterfront, Marina Vista, and Central project areas. The purpose of the loans was to pay for improvements at the South Vallejo Industrial Park, urban renewal, government buildings, parking lot improvements, and street overlay within the Redevelopment Project Areas. On March 10, 2011, an Amended and Restated Repayment Agreement was approved by the City and the Redevelopment Agency to more clearly set forth the terms for repayment of the City loans that dated prior to March 6, 1991. Between 1998 and 2011, additional loans were advanced by the City to pay for improvements to the Empress Theater and Georgia Street extension.
4. 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.
5. 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.
6. 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.

7. However, the Dissolution Act further provides that after a successor agency receives a finding of completion from the 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.
8. The Successor Agency has received a Finding of Completion from DOF.
9. The parties desire to enter into this Amendment in order to ratify the existence and validity of the Loan Agreement, and to establish repayment terms for the repayment of the Loan Agreement pursuant to the Dissolution Act.

## AMENDMENT

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 Amendment is (a) to ratify the existence and validity of the prior Loan Agreements, and (b) to establish the understanding and agreement of the parties as to the repayment terms of the Loan Agreements pursuant to the Dissolution Act.

Loan Amount. It is the understanding and agreement of the parties that the total amount of the loans owed to the City under the Loan Agreements, as of January 31, 2012, was about \$4,922,579, taking into account repayments since inception, and interest calculated at the LAIF rate of 0.267% as of December 31, 2014, as published on the California State Treasurer's web site, from the origination of the loans in 1976 through the fiscal year ending June 30, 2014. The attached Exhibit B, which is incorporated herein, shows the recalculation 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 Amendment reflect repayment to the City of amounts loaned to or advanced on behalf of 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 improvements at the South Vallejo Industrial Park, urban renewal, government buildings, parking lot improvements, street overlay, Empress Theater, and the Georgia Street extension within the Vallejo Redevelopment Project Areas which were all projects 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 Amendment 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 Amendment 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 Amendment. 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 DOF 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 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 VALLAJO**

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~~ *General Counsel*

**Exhibit B**  
**City/Redevelopment Loan Repayment Schedule**

File Name: CITY/AGENCY LOAN REPAYMENT SCHEDULE Amort 6/30/2014  
 Compound Period: Monthly  
 Nominal Annual Rate: 0.267%

Event	Date	Amount	Number	Period	End Date
<b><u>CASH FLOW DATA</u></b>					
1 Loan	1/1/1976	825,305.00			<b><u>Purpose of Loan</u></b> 1 Waterfront Improvements (includes: South Vallejo Industrial Park)
2 Loan	1/1/1978	1,488,608.00			1 Marina Vista Improvements (includes: Urban Renewal, Government Buildings)
3 Loan	1/1/1989	1,296,747.00			1 Central Improvements (includes: Parking Lot Improvements, street overlay)
4 Payment	6/30/1994	1,217,000.00		1	
5 Payment	6/30/1995	120,000.00		1	
6 Payment	6/30/1996	120,000.00		1	
7 Payment	6/30/1997	120,000.00		1	
8 Payment	6/30/1998	85,875.00		1	
9 Payment	6/30/1999	60,000.00		1	
10 Payment	6/30/2000	60,000.00		1	
11 Loan	7/1/2003	500,000.00			1 Empress Theater Improvements
12 Loan	7/1/2003	2,828,000.00			1 Empress Theater Improvements
13 Loan	7/1/2006	500,000.00			1 Georgia Street Extension
14 Loan	7/1/2006	968,000.00		1	
15 Payment	6/30/2008	400,000.00		1	
16 Payment	6/30/2009	450,000.00		1	
17 Payment	6/30/2010	400,000.00		1	
18 Payment	6/30/2011	400,000.00		1	
19 Payment	6/30/2012	400,000.00		1	
20 Balance	6/30/2014	4,922,579.40			<b>Balance to Be Amortized on Future ROPS</b>

**Calculation of Interest at LAIF Rate through June 30, 2014**

	Date	Loan	Payment	Interest	Principal	Balance
Loan	1/1/1976	825,305.00				825,305.00
1976 Totals		825,305.00	0.00	0.00	0.00	
Loan	1/1/1978	1,488,608.00		4,418.42	-4,418.42	2,318,331.42
1978 Totals		1,488,608.00	0.00	4,418.42	-4,418.42	
Loan	1/1/1989	1,296,747.00		69,091.35	-69,091.35	3,684,169.77
1989 Totals		1,296,747.00	0.00	69,091.35	-69,091.35	
1	6/30/1994		1,217,000.00	54,483.73	1,162,516.27	2,521,653.50
1994 Totals		0.00	1,217,000.00	54,483.73	1,162,516.27	
2	6/30/1995		120,000.00	6,741.06	113,258.94	2,408,394.56
1995 Totals		0.00	120,000.00	6,741.06	113,258.94	
3	6/30/1996		120,000.00	6,438.29	113,561.71	2,294,832.85
1996 Totals		0.00	120,000.00	6,438.29	113,561.71	
4	6/30/1997		120,000.00	6,134.71	113,865.29	2,180,967.56
1997 Totals		0.00	120,000.00	6,134.71	113,865.29	
5	6/30/1998		85,875.00	5,830.31	80,044.69	2,100,922.87
1998 Totals		0.00	85,875.00	5,830.31	80,044.69	

Event	Date	Amount	Number	Period	End Date
6	6/30/1999				
1999 Totals	0.00	60,000.00	5,616.33	54,383.67	2,046,539.20
7	6/30/2000				
2000 Totals	0.00	60,000.00	5,470.95	54,529.05	1,992,010.15
Loan	7/1/2003	500,000.00	16,032.98	-16,032.98	2,508,043.13
Loan	7/1/2003	2,828,000.00	0.00	0.00	5,336,043.13
2004 Totals	3,328,000.00	0.00	16,032.98	-16,032.98	
Loan	7/1/2006	500,000.00	42,908.55	-42,908.55	5,878,951.68
Loan	7/1/2006	968,000.00	0.00	0.00	6,846,951.68
2007 Totals	1,468,000.00	0.00	42,908.55	-42,908.55	
8	6/30/2008				
2008 Totals	0.00	400,000.00	36,635.45	363,364.55	6,483,587.13
9	6/30/2009				
2009 Totals	0.00	450,000.00	17,332.38	432,667.62	6,050,919.51
10	6/30/2010				
2010 Totals	0.00	400,000.00	16,175.74	383,824.26	5,667,095.25
11	6/30/2011				
2011 Totals	0.00	400,000.00	15,149.67	384,850.33	5,282,244.92
12	6/30/2012				
2012 Totals	0.00	400,000.00	14,120.87	385,879.13	4,896,365.79
13	6/30/2014				
2014 Totals	0.00	4,922,579.40	26,213.61	4,896,365.79	0.00
					<b>Balance to Be Amortized on Future ROPS</b>
Grand Totals	8,406,660.00	8,755,454.40	348,794.40	8,406,660.00	

**Amortization Schedule Through Maturity**

**Purpose of Loan**

1 Loan	1/1/1976	825,305.00	1	Waterfront Improvements (includes: South Vallejo Industrial Park)
2 Loan	1/1/1978	1,488,608.00	1	Marina Vista Improvements (includes: Urban Renewal, Government Buildings)
3 Loan	1/1/1989	1,296,747.00	1	Central Improvements (includes: Parking Lot Improvements, street overlay)
4 Payment	6/30/1994	1,217,000.00	1	
5 Payment	6/30/1995	120,000.00	1	
6 Payment	6/30/1996	120,000.00	1	
7 Payment	6/30/1997	120,000.00	1	
8 Payment	6/30/1998	85,875.00	1	
9 Payment	6/30/1999	60,000.00	1	
10 Payment	6/30/2000	60,000.00	1	
11 Loan	7/1/2003	500,000.00	1	Empress Theater Improvements
12 Loan	7/1/2003	2,828,000.00	1	Empress Theater Improvements
13 Loan	7/1/2006	500,000.00	1	Georgia Street Extension
14 Loan	7/1/2006	968,000.00	1	
15 Payment	6/30/2008	400,000.00	1	
16 Payment	6/30/2009	450,000.00	1	
17 Payment	6/30/2010	400,000.00	1	
18 Payment	6/30/2011	400,000.00	1	
19 Payment	6/30/2012	400,000.00	1	

Event	Date	Amount	Number	Period	End Date
20 Payment	7/1/2015	234,900.00	1		
21 Payment	7/1/2016	300,525.30	16	Annual	7/1/2031
					ROPS 2015-16A
					Future ROPS

**AMORTIZATION SCHEDULE - Normal Amortization, LAIF Interest Rate**

Loan 1/1/1976	825,305.00				825,305.00
1976 Totals	825,305.00	0.00	0.00	0.00	
Loan 1/1/1978	1,488,608.00		4,418.42	-4,418.42	2,318,331.42
1978 Totals	1,488,608.00	0.00	4,418.42	-4,418.42	
Loan 1/1/1989	1,296,747.00		69,091.35	-69,091.35	3,684,169.77
1989 Totals	1,296,747.00	0.00	69,091.35	-69,091.35	
1 6/30/1994		1,217,000.00	54,483.73	1,162,516.27	2,521,653.50
1994 Totals	0.00	1,217,000.00	54,483.73	1,162,516.27	
2 6/30/1995		120,000.00	6,741.06	113,258.94	2,408,394.56
1995 Totals	0.00	120,000.00	6,741.06	113,258.94	
3 6/30/1996		120,000.00	6,438.29	113,561.71	2,294,832.85
1996 Totals	0.00	120,000.00	6,438.29	113,561.71	
4 6/30/1997		120,000.00	6,134.71	113,865.29	2,180,967.56
1997 Totals	0.00	120,000.00	6,134.71	113,865.29	
5 6/30/1998		85,875.00	5,830.31	80,044.69	2,100,922.87
1998 Totals	0.00	85,875.00	5,830.31	80,044.69	
6 6/30/1999		60,000.00	5,616.33	54,383.67	2,046,539.20
1999 Totals	0.00	60,000.00	5,616.33	54,383.67	
7 6/30/2000		60,000.00	5,470.95	54,529.05	1,992,010.15
2000 Totals	0.00	60,000.00	5,470.95	54,529.05	
Loan 7/1/2003	500,000.00		16,032.98	-16,032.98	2,508,043.13
Loan 7/1/2003	2,828,000.00		0.00	0.00	5,336,043.13
2004 Totals	3,328,000.00	0.00	16,032.98	-16,032.98	
Loan 7/1/2006	500,000.00		42,908.55	-42,908.55	5,878,951.68
Loan 7/1/2006	968,000.00		0.00	0.00	6,846,951.68
2007 Totals	1,468,000.00	0.00	42,908.55	-42,908.55	
8 6/30/2008		400,000.00	36,635.45	363,364.55	6,483,587.13
2008 Totals	0.00	400,000.00	36,635.45	363,364.55	
9 6/30/2009		450,000.00	17,332.38	432,667.62	6,050,919.51
2009 Totals	0.00	450,000.00	17,332.38	432,667.62	
10 6/30/2010		400,000.00	16,175.74	383,824.26	5,667,095.25
2010 Totals	0.00	400,000.00	16,175.74	383,824.26	
11 6/30/2011		400,000.00	15,149.67	384,850.33	5,282,244.92
2011 Totals	0.00	400,000.00	15,149.67	384,850.33	
12 6/30/2012		400,000.00	14,120.87	385,879.13	4,896,365.79
2012 Totals	0.00	400,000.00	14,120.87	385,879.13	

Event	Date	Amount	Number	Period	End Date
13	7/1/2015	234,900.00	39,409.09	195,490.91	4,700,874.88
2016 Totals	0.00	234,900.00	39,409.09	195,490.91	
14	7/1/2016	300,525.30	12,566.71	287,958.59	4,412,916.29
2017 Totals	0.00	300,525.30	12,566.71	287,958.59	
15	7/1/2017	300,525.30	11,796.92	288,728.38	4,124,187.91
2018 Totals	0.00	300,525.30	11,796.92	288,728.38	
16	7/1/2018	300,525.30	11,025.07	289,500.23	3,834,687.68
2019 Totals	0.00	300,525.30	11,025.07	289,500.23	
17	7/1/2019	300,525.30	10,251.15	290,274.15	3,544,413.53
2020 Totals	0.00	300,525.30	10,251.15	290,274.15	
18	7/1/2020	300,525.30	9,475.17	291,050.13	3,253,363.40
2021 Totals	0.00	300,525.30	9,475.17	291,050.13	
19	7/1/2021	300,525.30	8,697.12	291,828.18	2,961,535.22
2022 Totals	0.00	300,525.30	8,697.12	291,828.18	
20	7/1/2022	300,525.30	7,916.98	292,608.32	2,668,926.90
2023 Totals	0.00	300,525.30	7,916.98	292,608.32	
21	7/1/2023	300,525.30	7,134.76	293,390.54	2,375,536.36
2024 Totals	0.00	300,525.30	7,134.76	293,390.54	
22	7/1/2024	300,525.30	6,350.45	294,174.85	2,081,361.51
2025 Totals	0.00	300,525.30	6,350.45	294,174.85	
23	7/1/2025	300,525.30	5,564.04	294,961.26	1,786,400.25
2026 Totals	0.00	300,525.30	5,564.04	294,961.26	
24	7/1/2026	300,525.30	4,775.53	295,749.77	1,490,650.48
2027 Totals	0.00	300,525.30	4,775.53	295,749.77	
25	7/1/2027	300,525.30	3,984.91	296,540.39	1,194,110.09
2028 Totals	0.00	300,525.30	3,984.91	296,540.39	
26	7/1/2028	300,525.30	3,192.18	297,333.12	896,776.97
2029 Totals	0.00	300,525.30	3,192.18	297,333.12	
27	7/1/2029	300,525.30	2,397.33	298,127.97	598,649.00
2030 Totals	0.00	300,525.30	2,397.33	298,127.97	
28	7/1/2030	300,525.30	1,600.35	298,924.95	299,724.05
2031 Totals	0.00	300,525.30	1,600.35	298,924.95	
29	7/1/2031	300,525.30	801.25	299,724.05	0.00
2032 Totals	0.00	300,525.30	801.25	299,724.05	
Grand Totals	8,406,660.00	8,876,179.80	469,519.80	8,406,660.00	



DEPARTMENT OF  
**FINANCE**

Attachment B

EDMUND G. BROWN JR. • GOVERNOR

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

March 26, 2015

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

Dear Mr. Ron Millard:

Subject: Oversight Board Action Determination

The City of Vallejo Successor Agency (Agency) notified the California Department of Finance (Finance) of its February 12, 2015 Oversight Board (OB) Resolution on February 24, 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. 15-001 N.C. approving eight pre-dissolution loans between the City of Vallejo (City) and the Agency is partially approved.

Finance has made the following determinations:

Item No.	Loan Name	Loan Year	Loan Amount	Approved Pursuant to HSC section 34171 (d) (1) (B)	Denied
1	Waterfront Project Loan	1976	\$825,305		X
2	Marina Vista Project Loan	1978	\$1,488,608		X
3	Central Project Loan	1989	\$1,488,608		X
4	Empress Theatre Loan	2004	\$2,828,000	X	
5	Georgia Street Extension	2004	\$500,000	X	
6	Empress Theatre Loan No. 2	2005	\$796,000	X	
7	Empress Theatre Loan No. 3	2005	\$172,000	X	
8	Empress Theatre Loan No. 4	2007	\$500,000	X	

HSC section 34171 (d) (1) (B) defines a "loan" as moneys borrowed by the Agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required payment schedule or other mandatory loan terms. It is our understanding the March 6, 1991 Repayment Agreement is an agreement to reimburse for services and advances provided by the City. The agreement only conveyed services and advances in the form of City purchases for the former redevelopment agency and no money was actually borrowed. Therefore, the Waterfront Project Loan, Marina Vista Project Loan, and the Central Project Loan do not constitute valid loan agreements as defined in the dissolution statutes.

Mr. Ron Millard  
March 26, 2015  
Page 2

The loans listed above as four through eight, are approved. The Agency provided valid loan agreements and promissory notes for each loan, which indicated a transfer of money from the City to the Agency. Therefore, these loans will be recognized as enforceable obligations. The repayments of these City loans are subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). HSC section 34191.4 (b) (2) (A) allows these repayments to be equal to one-half of the increase between the Recognized Obligation Payment Schedule (ROPS) residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year.

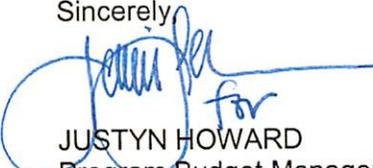
Finance notes that HSC section 34191.4 (b) (2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The accumulated interest on the loan should be recalculated from the date of loan origination using the quarterly LAIF interest rate at the time when the Agency's OB makes a finding that the City loan was for legitimate redevelopment purposes. This will supersede any existing interest rates in the loan agreements. Therefore, the repayment amounts of the Finance approved loans are subject to review and approval on subsequent ROPS.

In the event the OB desires to amend the portion of the resolution not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency can move forward with the portion of the resolution approved by Finance.

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

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  
California State Controller's Office



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

EXHIBIT B

REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO

REPAYMENT AGREEMENT

This Repayment Agreement, dated this 6th day of March, 1991, and between the Redevelopment Agency of the City of Vallejo, hereinafter called the "Agency", and the City of Vallejo, hereinafter called the "City";

WITNESSETH:

WHEREAS, the Agency is a duly constituted Community Redevelopment Agency under the laws of the State of California and in accordance with such laws has duly proceeded with the redevelopment of projects in Vallejo, as amended, known as the Vallejo Waterfront Redevelopment Project, Central Vallejo Redevelopment Project, Floden Acres Redevelopment Project, Southeast Vallejo Redevelopment Project, and Marina Vista Redevelopment Project, hereinafter called "Projects"; and

WHEREAS, The Agency has entered into repayment contracts in the Marina Vista Project Area on January 1, 1976, and in the other project areas by Redevelopment Agency resolutions 80-18, 70-30, 84-21, and 84-20; and

WHEREAS, the parties hereto, in consideration of their mutual undertakings, past and present, herein and otherwise, desire to provide for repayment to the City of all financial and staff

resources heretofore or hereafter provided at the special instance and request of the Agency, or advanced to the Agency, in construction, financing or refinancing for the Projects;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties hereto as follows:

SECTION I. Obligations of Agency

The Agency agrees that it is indebted to the City for all financial and staff resources which have been or shall be provided by the City for carrying out the Projects, and shall repay City pursuant to terms of this agreement.

SECTION II. Statement of Indebtedness

Agency shall no later than September 30, 1991 and September 30 of each year thereafter prepare a Statement of Indebtedness identifying resources provided by the City toward the Projects and the date or period in which these resources were committed. Resources identified constitute advances by the City to the Agency for the purpose of financing and refinancing the Projects, for which the Agency is indebted to the City in the amount of the expenses in providing such advances.

Agency agrees to pay City interest on the principal amount of indebtedness identified on said Statement of Indebtedness at the rate of ten (10) percent per annum compounded annually from June

30, 1990, until the total indebtedness is repaid pursuant to Section III.

SECTION III. Repayment of Indebtedness

A. Payment from Tax Revenues - Agency agrees to repay to the City from tax revenues received pursuant to provisions of the California Community Redevelopment Law, as amended, all such revenues then held and not budgeted for retirement of bonded debt or any other indebtedness incurred now or in the future by the Projects.

B. Payment from Other Sources - It is agreed the Agency may at its own option from time to time make payments from revenues other than tax revenues. These payments shall reduce the total indebtedness of the Agency.

SECTION IV. Previous Agreements

This agreement repeals repayment contracts established in the Marina Vista project area on January 1, 1976 and in the other project areas by Redevelopment Agency Resolutions 80-18, 70-30, 84-21, and 84-20, as a means of affecting certainty and consistency in the process of establishing indebtedness to the City of Vallejo.

SECTION V. Invalid Provisions

If any provision of this Repayment Agreement or the application thereof to any person, party, transaction or circumstance, is held invalid, the remainder of this Repayment

Agreement, or the application of such provision to other persons, parties, transactions or circumstances, shall not be affected thereby.

IN WITNESS WHEREOF, the City Manager of the City of Vallejo, by Resolution No. 91-122 N. C. of the City Council of said City, thereunto duly authorized, has caused the name of said CITY OF VALLEJO to be affixed hereto, and the Chairman of the Redevelopment Agency of the City of Vallejo, by Resolution No. 91-06 of said Agency, thereunto duly authorized has caused the name of said REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO to be hereunto affixed, all in triplicate, the date and year first above written.

REDEVELOPMENT AGENCY OF THE  
CITY OF VALLEJO

BY:

*J. J. Ostentotich*  
Chairman

ATTEST:

*Edward G. Wohlberg*  
Executive Secretary/Director

APPROVED AS TO FORM:

*J. J. Pomeroy for*  
Legal Counsel

CITY OF VALLEJO, a municipal  
corporation

BY:

*Edward G. Wohlberg*  
City Manager

ATTEST:

*Mildred K. Watson*  
City Clerk

ck\RArepaym. Agr

RESOLUTION NO. 91-122 N.C.

BE IT RESOLVED by the City Council of the City of Vallejo as follows:

WHEREAS, the City of Vallejo has advanced funds to the Redevelopment Agency in each of five project areas since the inception of these project areas, and

WHEREAS, the method of the accrual of interest in these project areas is currently not outlined in one repayment contract, and

WHEREAS, the Redevelopment Agency and City of Vallejo have agreed to enter into one repayment agreement which serves the Marina Vista, Waterfront, Flodden Acres, Central Vallejo, and Southeast Vallejo project areas, as amended, now therefore

BE IT RESOLVED that the City Council of the City of Vallejo authorizes the City Manager to execute the repayment agreement as described in the staff report.

ADOPTED by the Council of the City of Vallejo at a regular meeting held on March 5, 1991, by the following vote:

AYES: Councilmembers Boschee, Exline, Higgins, Hoffman, Intintoli, Kay, and Villanueva

NOES: None

ABSENT: None

\_\_\_\_\_  
ANTHONY J. INTINTOLI, JR., MAYOR

ATTEST:

\_\_\_\_\_  
MILDRED R. WATSON, CITY CLERK

ccrs3591