



**OVERSIGHT
BOARD
AGENDA
REPORT**

SUBJECT: Approval and Adoption of Resolutions Reauthorizing and Re-Approving the Use of 2007 Bond Proceeds for the Eagle Canyon Dam Project, for Certain Communication Equipment Related to the ERICA, and for the Downtown Development with CURC.

DEPARTMENT: Administrative Services

MEETING DATE: April 25, 2013

SUBMITTED BY: Successor Agency

RECOMMENDATION: It is recommended that the Oversight Board:

1. Adopt the attached Resolutions reauthorizing and re-approving the Successor Agency's use of 2007 Bond proceeds for the Eagle Canyon Dam project, for certain communication equipment related to the Eastern Riverside County Interoperable Communications Authority, and the Downtown Development with City Urban Revitalization Corporation ("CURC").

BACKGROUND:

As of February 1, 2012, all redevelopment agencies throughout the State were required to dissolve as a result of the passage of ABX1-26 and the subsequent Matosantos case ruling by the California Supreme Court. On June 27, 2012, AB 1484 became law. AB 1484 amended many components of ABX1-26 and revised several operating procedures, including, but not limited to:

1. Specifying that successor agencies are separate legal entities,
2. Defining housing assets and the role of successor agencies for housing functions,
3. Extending review periods of Oversight Board actions by the State Department of Finance ("**DOF**"),
4. Specifying that all actions of an Oversight Board must be adopted by resolution which must then be transmitted to DOF,
5. Revising advance and post noticing requirements and review periods for disposition of real property and suspending disposition of real property other than governmental purpose assets until preparation and approval of a Property Management Plan,
6. Adding audit requirements, including a "due diligence" audit with specific time periods for performance,
7. Authorizing Successor Agencies to hold reserves when required by bond indentures or when the next property tax allocation from the Redevelopment Property Tax Trust Fund ("**RPTTF**") will be insufficient to pay all bond debt obligations due in the following six-month period,

8. Providing DOF the ability to eliminate, reduce or modify items approved by an Oversight Board on Recognized Obligation Payment Schedules (“**ROPS**”),
9. Establishing a “meet and confer” provision for contested DOF decisions,
10. Establishing specific time periods for preparation and submittal of ROPS, with substantial financial penalties for late submittals or failure to submit,
11. Providing the opportunity for DOF to “garnish” sales and use tax of sponsoring entities (the city that sponsored the dissolved redevelopment agency) or a county to withhold property taxes from sponsoring entities under certain conditions, and
12. Allowing certain old City-Redevelopment Agency loans, with Oversight Board approval, to be recognized enforceable obligations with strict legislatively mandated repayment terms provided the Successor Agency has been issued a Finding of Completion from DOF, and
13. Authorizing spending of pre-2011 bond proceeds for the purposes for which the bonds were issued after a Finding of Completion has been issued by DOF.

A complete summary of the major provisions of AB 1484 prepared by the League of California Cities has been previously provided to the Board. It should also be noted that several lawsuits have been filed relative to specific provisions contained in AB 1484. The League of California Cities has announced its intent to either file another lawsuit or join in an existing suit.

CURRENT ISSUES:

A. Eagle Canyon Dam

On February 28, 2013, the Oversight Board approved the Successor Agency’s Recognized Obligation Payment Schedule for the July – December 2013 fiscal period (“**ROPS 13-14A**”). In accord with a 2011 Reimbursement Agreement between the Agency and the City, the ROPS 13-14A included a \$1.0 million payment to the Riverside County Flood Control District (“**RCFCD**”) for certain costs related to the Eagle Canyon Dam project. This payment was to be made from 2007 Bond proceeds which the Successor Agency has on hand.

On April 13, 2013, the DOF notified the Successor Agency that it had disapproved the Eagle Canyon Dam payment included on the ROPS 13-14A. In its disapproval notice, the DOF noted that once the Successor Agency had received its Finding of Completion, the Eagle Canyon Dam payment may be allowable.

On April 17, 2013, the Successor Agency received its Finding of Completion, which permits the Successor Agency to use the 2007 Bond proceeds for the purposes for which 2007 Bonds were issued. These purposes include the Eagle Canyon Dam project.

The Successor Agency has initiated the meet and confer process with DOF in an effort to obtain DOF’s approval of the Eagle Canyon Dam payment as listed on the ROPS 13-14A. In order to strengthen the Successor Agency’s position and meet legal requirements, the Successor Agency requests that the Oversight Board make certain

findings and determinations, re-approve the 2011 Reimbursement Agreement, and reauthorize the Eagle Canyon Dam payment set forth in the ROPS 13-14A.

Fiscal Impact: If adopted, the attached Resolution will re-approve and reauthorize the use of \$1.0 million of 2007 Bond proceeds to pay the Agency's obligation under the 2011 Reimbursement Agreement related to the Eagle Canyon Dam project.

B. Eastern Riverside County Interoperable Communications Authority

On February 28, 2013, the Oversight Board approved the Successor Agency's Recognized Obligation Payment Schedule for the July – December 2013 fiscal period ("**ROPS 13-14A**"). In accord with a 2011 Reimbursement Agreement and an agreement evidenced by a July 8, 2008 action by the Agency's governing board ("**July 8, 2008 Action**"), between the Agency and the City, the ROPS 13-14A included a \$1,486,743 payment for the cost of certain public safety communications equipment ("**Communication Equipment**") related to the Eastern Riverside County Interoperable Communications Authority ("**ERICA**"). This payment was to be made from 2007 Bond proceeds which the Successor Agency has on hand.

On April 13, 2013, the DOF notified the Successor Agency that it had disapproved the Communication Equipment payment included on the ROPS 13-14A. In its disapproval notice, the DOF noted that the Communication Equipment obligation was not an Agency enforceable obligation.

On April 17, 2013, the Successor Agency received its Finding of Completion, which permits the Successor Agency to use the 2007 Bond proceeds for the purposes for which 2007 Bonds were issued. These purposes include the Communication Equipment project.

The Successor Agency has initiated the meet and confer process with DOF in an effort to obtain DOF's approval of the Communication Equipment payment as listed on the ROPS 13-14A. The Successor Agency believes that DOF's consent can be obtained if the Successor Agency demonstrates the legal connection between the Communication Equipment and the Agency's obligations under the 2011 Reimbursement Agreement and July 8, 2008 Action. In order to strengthen the Successor Agency's position and meet legal requirements, the Successor Agency requests that the Oversight Board make certain findings and determinations, re-approve the 2011 Reimbursement Agreement, the July 8, 2008 Action and reauthorize the Communication Equipment reimbursement payment set forth in ROPS 13-14A.

Fiscal Impact: If adopted, the attached Resolution will re-approve and reauthorize the use of \$1,486,743 of 2007 Bond proceeds to pay the Agency's obligation under the 2011 Reimbursement Agreement and July 8, 2008 Action related to the Communication Equipment.

C. Downtown Development/City Urban Revitalization Corporation

On February 28, 2013, the Oversight Board approved the Successor Agency's Recognized Obligation Payment Schedule for the July-December, 2013 fiscal period ("**ROPS 13-14A**"). In accord with the 2011 Owner Participation Agreement ("**OPA**") and 2011 Disposition and Development Agreement ("**DDA**") between the Agency and the City Urban Revitalization Corporation ("**CURC**"), the ROPS 13-14A included a \$4 million payment in fulfillment of the Agency's obligations under the OPA/DDA, related to the Downtown Conference Hotel project. This payment was to be made from 2007 Bond proceeds which the Successor Agency has on hand.

On April 13, 2013, the DOF notified the Successor Agency that it had disapproved the OPA/DDA payment included on the ROPS 13-14A. In its disapproval notice, the DOF noted that once the Successor Agency had received its Finding of Completion, the Downtown Conference Hotel payment may be allowable.

On April 17, 2013, the Successor Agency received its Finding of Completion, which permits the Successor Agency to use the 2007 Bond proceeds for the purposes for which 2007 Bonds were issued. These purposes include the Downtown Conference Hotel project.

The Successor Agency has initiated the meet and confer process with DOF in an effort to obtain DOF's approval of the Downtown Conference Hotel payment as listed on the ROPS 13-14A. In order to strengthen the Successor Agency's position and meet legal requirements, the Successor Agency requests that the Oversight Board make certain findings and determinations, re-approve the 2011 OPA and 2011 DDA, and reauthorize the Downtown Conference Hotel payment set forth in ROPS 13-14A.

Fiscal Impact: If adopted, the attached Resolution will re-approve and reauthorize the use of \$4 million of 2007 Bond proceeds to pay the Agency's obligation under the 2011 OPA and 2011 DDA related to the Downtown Conference Hotel project.

ATTACHMENTS: Attachment One: Resolution (Eagle Canyon Dam)
Attachment Two: Resolution (ERICA)
Attachment Three: Resolution (CURC)