



MEMORANDUM

TO: BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE DISSOLVED ARROYO GRANDE REDEVELOPMENT AGENCY

BY: NICOLE VALENTINE, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: CONSIDERATION OF ADOPTION OF A RESOLUTION APPROVING THE ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2019-20 AND ADOPTION OF A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS”) FOR FISCAL YEAR 2019-20

DATE: JANUARY 8, 2019

SUMMARY OF ACTION:

Adoption of the Resolutions will allow the Administrative Budget and Recognized Obligation Payment Schedule (ROPS) for Fiscal Year 2019-20 to be forwarded to the County Oversight Board for approval.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Approval of the Administrative Budget allows the Successor Agency to receive reimbursement for its administrative costs in the amount of \$30,000. The preparation and submittal of ROPS 2019-2020 is for the purpose of allowing the Successor Agency to pay its enforceable payment obligations for the period from July 1, 2019 through June 30, 2020.

RECOMMENDATION:

It is recommended that the Board of Directors of the Successor Agency to the Dissolved Arroyo Grande Redevelopment Agency: 1) adopt a Resolution approving the Administrative Budget for the period July 1, 2019 through June 30, 2020; and 2) adopt a Resolution approving an Annual Recognized Obligation Payment Schedule (“ROPS”) for the fiscal period from July 1, 2019 through June 30, 2020, pursuant to Health and Safety Code Section 34177 and taking certain related actions.

BACKGROUND:

The Department of Finance requires that by February 1, 2019, Successor Agencies must provide the Department of Finance with Recognized Obligation Payment Schedules (“ROPS”) covering the period of July 1, 2019 through June 30, 2020. The ROPS must first be approved by the County Oversight Board. The Department of Finance will then have forty-five days to review the ROPS, and to object to any items that do not meet the definition of an Enforceable Obligation.

**SUCCESSOR AGENCY TO THE DISSOLVED ARROYO GRANDE REDEVELOPMENT AGENCY
CONSIDERATION OF ADOPTION OF A RESOLUTION APPROVING THE ADMINISTRATIVE BUDGET FOR THE FISCAL YEAR 2019-20 AND ADOPTION OF A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE FISCAL YEAR 2019-20
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Previously, the annual ROPS were reviewed and approved by Arroyo Grande's Oversight Board; however, pursuant to Health & Safety Code Section 34179(j), commencing July 1, 2018, all Oversight Boards in the County of San Luis Obispo have been replaced by one Countywide Oversight Board managed by the County.

ANALYSIS OF ISSUES:

At this time, the Successor Agency is being asked to approve the Administrative Budget for the period July 1, 2019 through June 30, 2020 and to approve the annual ROPS for submittal to the County Oversight Board.

Below is an explanation of each of the debt items listed on the July 1, 2019 through June 30, 2020 ROPS:

1. **2018 Tax Allocation Bonds** – The 2007 Bonds were refinanced in 2018 for a debt service savings of \$1,179,681 net of all costs of issuance. The 2018 Bonds in the amount of \$5,305,000 were issued to repay funds that had been borrowed from internal funds for start-up costs for the Redevelopment Agency and to fund new economic development and affordable housing projects. This is a 30-year debt and the last payment is due on September 1, 2037.
2. **Administrative Costs** – Per ABX1 26, the Successor Agency is eligible to receive an “administrative cost allowance” for reimbursement of the Successor Agency’s administrative costs. The amount of \$30,000 is the estimated amount needed for the next fiscal year of reimbursable administrative costs. Staff has included the Administrative budget for Oversight Board approval.
3. **2018 Tax Allocation Bond Fees** – This is the fiscal agent fee of \$2,000 per year that is charged by Wells Fargo Bank.

ALTERNATIVES:

The following alternatives are provided for the Board’s consideration:

1. Proceed with the adoption of the Resolution approving the Administrative Budget and the Resolution approving the ROPS for the period July 1, 2019 through June 30, 2020 for submittal to the County Oversight Board;
2. Do not proceed with the adoption of the Resolution approving the Administrative Budget or the Resolution approving the ROPS for the period July 1, 2019 through June 30, 2020; or
3. Provide other direction to staff

**SUCCESSOR AGENCY TO THE DISSOLVED ARROYO GRANDE REDEVELOPMENT AGENCY
CONSIDERATION OF ADOPTION OF A RESOLUTION APPROVING THE ADMINISTRATIVE BUDGET FOR THE FISCAL YEAR 2019-20 AND ADOPTION OF A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE FISCAL YEAR 2019-20
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ADVANTAGES:

Approving the Administrative Budget and the ROPS will allow the documents to be forwarded to the County Oversight Board for approval.

DISADVANTAGES:

No disadvantages have been identified.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

RESOLUTION NO. SA-2019-XXX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE DISSOLVED ARROYO GRANDE REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2019-20

WHEREAS, Health and Safety Code Section 34177 prescribes the duties of successor agencies; and

WHEREAS, pursuant to Subsection 34177(j), the Successor Agency must prepare a proposed Administrative Budget and submit it to the County Oversight Board for approval; and

WHEREAS, the Administrative Budget for the period of July 1, 2019 through June 30, 2020, has been presented to the Successor Agency for its consideration at a regular meeting of the Successor Agency held on January 8, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Successor Agency to the Dissolved Arroyo Grande Redevelopment Agency resolves as follows:

1. The forgoing recitals are incorporated herein and made a part hereof.
2. The Administrative Budget for the period July 1, 2019 through June 30, 2020, as set forth in "Exhibit A" attached hereto and by this reference incorporated herein, is hereby approved and adopted.

On motion of Board Member _____, seconded by Board Member _____, and on the following roll call vote, to wit:

AYES:
NOES:
ABSENT:

The foregoing Resolution was passed and adopted this _____ day of _____ 2019.

CAREN RAY RUSSOM, CHAIR

ATTEST:

KELLY WETMORE, SECRETARY

APPROVED AS TO FORM:

HEATHER WHITHAM, GENERAL COUNSEL

**SUCCESSOR AGENCY to the DISSOLVED
ARROYO GRANDE REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET
for the Period July 1, 2019 through June 30, 2020**

Salaries and Benefits \$ 15,000
City Manager, Finance personnel, City Clerk

Professional Services \$ 10,000
Audit, Legal, Financial

Overhead Costs \$ 5,000
Successor Agency Board, Other

Total Administrative Allocation \$ 30,000

RESOLUTION NO. SA-2019-XXX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE DISSOLVED ARROYO GRANDE REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR FISCAL YEAR 2019-20

WHEREAS, pursuant to Health and Safety Code Section 34177(o), the Successor Agency to the Dissolved Arroyo Grande Redevelopment Agency (the “Successor Agency”) must prepare a proposed Recognized Obligation Payment Schedule (“ROPS”) before each annual fiscal period (commencing July 1) and submit each proposed ROPS to the Oversight Board for the Successor Agency for approval; and

WHEREAS, the Successor Agency shall submit Oversight Board- approved ROPS to the Department of Finance and the to the County Auditor-Controller no later than February first of each year.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Successor Agency to the Dissolved Arroyo Grande Redevelopment Agency hereby finds, determines and orders as follows:

1. The forgoing recitals are incorporated herein and made a part hereof.
2. The Recognized Obligation Payment Schedule (“ROPS”) for the period July 1, 2019 through June 30, 2020, as set forth in “Exhibit A” attached hereto and by this reference incorporated herein, is hereby approved and adopted.
3. The Board has authorized and directs Successor Agency staff to submit a copy of the ROPS to the County Oversight Board for approval.
4. Successor Agency staff shall submit Oversight Board approved ROPS to the Department of Finance and to the County Auditor-Controller no later than February 1, 2019.
5. Staff is hereby authorized and directed to post a copy of the Oversight Board-approved ROPS on the Successor Agency’s internet website.
6. The staff of the Successor Agency is hereby authorized and directed to do any and all things that they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the Department of Finance and an opportunity to meet and confer on any disputed items.

On motion of Board Member _____, seconded by Board Member _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

The foregoing Resolution was passed and adopted this _____ day of _____ 2019.

CAREN RAY RUSSOM, CHAIR

ATTEST:

KELLY WETMORE, SECRETARY

APPROVED AS TO FORM:

HEATHER WHITHAM, GENERAL COUNSEL

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period**

Successor Agency: Arroyo Grande
County: San Luis Obispo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 303,875	\$ 210,636	\$ 514,511
F RPTTF	288,875	195,636	484,511
G Administrative RPTTF	15,000	15,000	30,000
H Current Period Enforceable Obligations (A+E):	\$ 303,875	\$ 210,636	\$ 514,511

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

Arroyo Grande Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	19-20A (July - December)					Q	
											Fund Sources						
											L	M	N	O	P		
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	19-20A Total	
1	2007 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	5/8/2007	9/1/2037	Wells Fargo Bank	Repay existing debt and fund new development	1	\$ 7,960,669	0	Y	\$ 514,511	\$ 0	\$ 0	\$ 0	\$ 288,875	\$ 15,000	\$ 303,875
3	2007 Tax Allocation Bond fees	Fees	5/8/2007	9/1/2037	Wells Fargo Bank	Fiscal Agent fees for 2007 Tax Allocation bonds	1	0	0	Y	\$ -						\$ -
8	Administrative costs	Admin Costs	2/1/2012	9/1/2037	Various (City of Arroyo Grande, Rutan and Tucker, Moss, Levy & Hartzheim CPAs, Carmel and Nacassha, etc.)	Legal, operating, audit, insurance, and staffing costs	1	570,000	0	N	\$ 30,000					15,000	\$ 15,000
9	City In-Lieu Affordable Housing Loan	City/County Loan (Prior 06/28/11), Cash exchange	7/25/2006	7/25/2106	City of Arroyo Grande	Repayment of loan	1	0	0	N	\$ -						\$ -
10	Funding Agreement w HASLO	OPA/DDA/Construction	2/11/2014	2/11/2069	Housing Authority of the City of San Luis Obispo	Transitional/Low-Income Housing at 224 S Halcyon Rd	1	0	0	N	\$ -						\$ -
11	2018 Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	6/27/2018	9/1/2037	Wells Fargo Bank	Bonds issued to refund the 2007 Bonds	1	7,255,169	0	N	\$ 385,011			288,875			\$ 288,875
12	2018 Tax Allocation Bonds	Fees	6/27/2018	9/1/2037	Wells Fargo Bank	Annual Trustee Fees	1	38,000	0	N	\$ 2,000						\$ -
13	2018 Tax Allocation Bonds	Reserves	6/27/2018	9/1/2037	Wells Fargo Bank	Reserve request to satisfy Indenture		97,500	0	N	\$ 97,500						\$ -

Arroyo Grande Recognized Obligation Payment Schedule (ROPS 1)

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	R	S	T	U	V	W	
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total	19-20B (January - June)					19-20B Total	
											Fund Sources						
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
1	2007 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	5/8/2007	9/1/2037	Wells Fargo Bank	Repay existing debt and fund new development	1	\$ 7,960,669	0	Y	\$ 514,511	\$ 0	\$ 0	\$ 0	\$ 195,636	\$ 15,000	\$ 210,636
3	2007 Tax Allocation Bond fees	Fees	5/8/2007	9/1/2037	Wells Fargo Bank	Fiscal Agent fees for 2007 Tax Allocation bonds	1		0	Y	\$ -						\$ -
8	Administrative costs	Admin Costs	2/1/2012	9/1/2037	Various (City of Arroyo Grande, Rutan and Tucker, Moss, Levy & Hartzheim CPA's, Carmel and Nacassha, etc.)	Legal, operating, audit, insurance, and staffing costs	1	570,000		N	\$ 30,000					15,000	\$ 15,000
9	City In-Lieu Affordable Housing Loan	City/County Loan (Prior 06/28/11), Cash exchange	7/25/2006	7/25/2106	City of Arroyo Grande	Repayment of loan	1		0	N	\$ -						\$ -
10	Funding Agreement w HASLO	OPA/DDA/Construction	2/11/2014	2/11/2069	Housing Authority of the City of San Luis Obispo	Transitional/Low-Income Housing at 224 S Halcyon Rd	1		0	N	\$ -						\$ -
11	2018 Tax Allocation Bonds	Refunding Bonds Issued After 6/27/12	6/27/2018	9/1/2037	Wells Fargo Bank	Bonds issued to refund the 2007 Bonds	1	7,255,169		N	\$ 385,011			96,136			\$ 96,136
12	2018 Tax Allocation Bonds	Fees	6/27/2018	9/1/2037	Wells Fargo Bank	Annual Trustee Fees	1	38,000		N	\$ 2,000			2,000			\$ 2,000
13	2018 Tax Allocation Bonds	Reserves	6/27/2018	9/1/2037	Wells Fargo Bank	Reserve request to satisfy Indenture		97,500		N	\$ 97,500			97,500			\$ 97,500

Arroyo Grande Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	458,101				0	C-1 is Reserve Fund held by Bond Trustee bank
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller					658,294	
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)					658,294	
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 458,101	\$ 0	\$ 0	\$ 0	\$ 0	C-6 is Reserve Fund held by Bond Trustee bank

Arroyo Grande Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

Item #	Notes/Comments
13	Reserve request for 1/2 of bond principal payment due 9/1/2020, pursuant to Section 5.01(h) of the Trust Indenture for the 2018 Bonds.

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