NEW BUSINESS

AGENDA ITEM 15.03
TO: Chairperson and Members of the Successor Agency of the Stockton Redevelopment Agency

FROM: Bob Deis, City Manager/Executive Director
Successor Agency of the Stockton Redevelopment Agency

SUBJECT: ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE

RECOMMENDATION

It is recommended the Successor Agency of the Stockton Redevelopment Agency approve a resolution adopting the Recognized Obligation Payment Schedule (Exhibit 1 to the Resolution) as required under Assembly Bill 1x26, Health and Safety Code, Section 34177 (l)(2)(A).

Summary

On June 29, 2011, Governor Brown signed into law Assembly Bill 1x26 (AB 26). AB 26 dissolves all existing California redevelopment agencies and allows each city or county, as applicable, to establish itself as the successor agency to its redevelopment agency. AB 26 also allows each city or county to assume responsibilities for housing functions previously undertaken by the redevelopment agency.

On August 23, 2011, by Resolution No. 11-0251, the City of Stockton passed a resolution stating that it would serve as successor agency to the Stockton Redevelopment Agency, and would also assume Agency housing functions. The Redevelopment Agency, by Resolution No. R11-014, adopted an Enforceable Obligation Payment Schedule (EOPS).


A ROPS must now be adopted for the period of July 1 through December 31, 2012. The ROPS will then be forwarded to the Oversight Board for approval. Once approved it must be submitted to the Department of Finance, State Controller, County Auditor Controller, and posted online by May 11, 2012.
ADDITION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE
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DISCUSSION

Present Situation

The Successor Agency became operative February 1, 2012. On that date, assets of the
former Redevelopment Agency were transferred to the Successor Agency. The
Successor Agency is responsible for ensuring recognized obligations of the former
Redevelopment Agency are met.

Recognized Obligation Payment Schedule

The action recommended for the Successor Agency is to adopt a ROPS for the period
of July 1 through December 31, 2012. The initial ROPS included details about each
enforceable obligation including the source of payment, terms, and repayment schedule
for the life of the obligation. Subsequent ROPS do not require the full repayment
schedule. Enforceable obligations include:

- Bonds
- Loans to the extent that they are legally required to be repaid pursuant to a
  repayment schedule or other mandatory loan terms
- Payments required by the federal government, preexisting obligations to the
  state, obligations imposed by state law, or legally enforceable payments required
  in connection with the agencies' employees
- Judgments or settlements entered by a competent court of law or binding
  arbitration decisions against the former redevelopment agency.
- Any legally binding and enforceable agreement or contract
- Contracts or agreements necessary for the administration or operation of the
  successor agency
- Amounts borrowed from or payments owing to the Low and Moderate Income
  Housing Fund

Enforceable obligations do not include agreements, contracts, or arrangements
between the City and the former Redevelopment Agency.

After adoption, the ROPS will be forwarded to the Oversight Board for approval. Once
approved, the ROPS must then be submitted to the Department of Finance, State
Controller, County Auditor Controller, and posted online by May 11, 2012. Staff will
return to have subsequent ROPS approved prior to each six-month fiscal period.
ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE

(Property 3 of 3)

Property Tax Revenues

The County Auditor Controller will provide an estimate of Property Tax Revenues May 1, 2012. Disbursement will be made to the Successor Agency on June 1, 2012 to cover obligations listed on the July through December 2012 ROPS. If the Successor Agency determines that funds are insufficient to meet all obligations on the ROPS, it must report so by May 1, 2012.

Staff will return in November with a recommendation to adopt a ROPS for the six-month fiscal period covering January through June 2013.

Respectfully submitted,

[Signature]

BOB DEIS, CITY MANAGER/EXECUTIVE DIRECTOR
SUCCESSOR AGENCY OF THE
STOCKTON REDEVELOPMENT AGENCY

BD:WSS:LB:slw
Resoluonal No. __________

SUCCESSOR AGENCY OF THE STOCKTON
REDEVELOPMENT AGENCY

RESOLUTION ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE
AND APPROVING CERTAIN RELATED ACTIONS

The Stockton Redevelopment Agency ("Redevelopment Agency") was a
redevelopment agency in the City of Stockton ("City"), duly created pursuant to the
California Community Redevelopment Law (Part 1 (commencing with Section 33000) of
Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

The City Council has adopted redevelopment plans for the City's redevelopment
project areas, and from time to time, the City Council has amended such redevelopment
plans; and

The Redevelopment Agency was responsible for the administration of
redevelopment activities within the City; and

AB 1X 26 ("AB 26") and AB 1X 27 ("AB 27") were signed by the Governor of
California on June 28, 2011, making certain changes to the Redevelopment Law,
including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing
with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code
("Health and Safety Code"); and

The California Redevelopment Association and League of California Cities filed a
lawsuit in the Supreme Court of California (California Redevelopment Association,
et al. v. Matosantos, et al., Case No. S194861) alleging that AB 26 and AB 27 were
unconstitutional; and

On December 29, 2011, the Supreme Court issued its opinion in the Matosantos
case largely upholding as constitutional AB 26, invalidating as unconstitutional AB 27,
and holding that AB 26 may be severed from AB 27 and enforced independently; and

The Supreme Court generally reformed and revised the effective dates and
deadlines for performance of obligations under Health and Safety Code Part 1.85 of
AB 26 arising before May 1, 2012, to take effect four months later, while leaving the
effective dates or deadlines for performance of obligations under Health and Safety
Code Part 1.8 of AB 26 unchanged; and

As a result of the Supreme Court's decision, and on February 1, 2012, all
California redevelopment agencies were dissolved, successor agencies were
established as successor agencies to the former redevelopment agencies pursuant to
Health and Safety Code section 34173, and successor agencies are tasked with paying,
performing, and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

The City Council adopted Resolution No. 11-0251 on August 23, 2011, pursuant to Part 1.85, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

Pursuant to Health and Safety Code section 34177(l)(2)(A) of AB 26, the Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") prior to each six-month fiscal period; and

In accordance with AB 26, the ROPS has been prepared using the preliminary Enforceable Obligations Payment Schedule ("EOPS") approved by the Redevelopment Agency by Resolution No. R11-014, and amended by Resolution No. 2012-01-24-1502, pursuant to Health and Safety Code section 34169(h); and

In accordance with AB 26, the initial ROPS, adopted by Resolution No. SRD-2012-02-28-1501, projected the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the Redevelopment Agency would have been authorized to obligate property tax increment had such Redevelopment Agency not been dissolved; and

According to Health and Safety Code section 34177(l)(1) of AB 26, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, and (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provision of Part 1.85 of AB 26; and

The period to be covered by the proposed ROPS is July 1, 2012, through December 31, 2012. Once adopted by the Successor Agency, the ROPS shall thereafter be reviewed and approved by the Oversight Board. After which, the approved ROPS must be submitted to the County Auditor-Controller and both the Controller's Office and the Department of Finance and shall be posted on the Successor Agency's internet website. The ROPS must be submitted to the Controller's Office and the Department of Finance by May 11, 2012; and

Pursuant to Health and Safety Code section 34177(a)(3), commencing on May 1, 2012, only payments listed in an approved ROPS may be made by the Successor Agency from the funds specified in the ROPS and, commencing May 1, 2012, the ROPS shall supersede the Statement of Indebtedness of the Redevelopment Agency; and

It is the intent of AB 26 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by
amount and source and, subsequent to the audit and approval of the ROPS as specified in AB 26, the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

The Successor Agency's proposed ROPS, which is consistent with the requirements of the Health and Safety Code and other applicable law, is attached to this Resolution as Exhibit “1”; and

This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act (“CEQA”), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 et seq., hereafter the “Guidelines”), and the City’s environmental guidelines; and

This Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

All of the prerequisites with respect to the approval of this Resolution have been met; now, therefore,

BE IT RESOLVED BY THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The foregoing recitals are true and correct and are a substantive part of this Resolution and all prerequisites to its adoption have occurred.

2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB 26 through administrative or judicial proceedings.

3. The Successor Agency hereby adopts the ROPS, attached hereto as Exhibit 1 and incorporated herein by this reference, to preserve its rights to make payments as authorized under Section 34177(l)(1).

4. The Executive Director, or designee, is hereby authorized and directed to provide the ROPS to the Oversight Board upon its establishment, and to transmit the ROPS to the State of California Department of Finance, State Controller, and San Joaquin County Auditor-Controller.

5. The Successor Agency determines that this Resolution is not a “project” for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

6. This Resolution shall take effect upon the date of its adoption.
7. The Executive Director, or designee, is hereby authorized to take such actions as are necessary and appropriate to comply with Section 34177 and the purposes and intent of this Resolution.

PASSED, APPROVED, and ADOPTED ______ May 8, 2012 ______.

ANN JOHNSTON, Chairperson of the Successor Agency of the Stockton Redevelopment Agency

ATTEST:

BONNIE PAIGE, Secretary of the Successor Agency of the Stockton Redevelopment Agency

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<thead>
<tr>
<th>No.</th>
<th>Project Name / Debt Obligation</th>
<th>Source of Payment</th>
<th>Monthly</th>
<th>Outstanding</th>
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<td>1</td>
<td>Bond 1: State Street</td>
<td>Property Taxes</td>
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<td>Bond 5: State Street</td>
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**Total** | | | 15,900,248 | 15,900,248 |

**Notes:**
- Bond 1, Bond 2, Bond 3, Bond 4, and Bond 5 are different debt obligations associated with the same source of payment.
- The total outstanding amount represents the cumulative amount of all debt obligations listed.

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**Exhibit 1**

<table>
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