

**RESOLUTION NO. OB 2015-01****A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO APPROVING THE EIGHTH RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 15-16A) FOR THE PERIOD FROM JULY 1, 2015 TO DECEMBER 31, 2015**

**WHEREAS**, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

**WHEREAS**, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of East Palo Alto (the "Dissolved RDA"), were dissolved on February 1, 2012; and

**WHEREAS**, on January 10, 2012, the City Council (the "City Council") of the City of East Palo Alto (the "City") adopted resolution 4226 accepting for the City the role of Successor Agency to the Dissolved RDA (the "Successor Agency"); and

**WHEREAS**, under the Dissolution Act, the City, in its capacity as Successor Agency, must prepare a "Recognized Obligation Payment Schedule" ("ROPS") that enumerates the enforceable obligations and expenses of the Successor Agency every six-month period, starting with the period ending on June 30, 2012; and

**WHEREAS**, on February 19, 2015, the Successor Agency staff prepared, the Oversight Board considered and approved the Eighth ROPS (ROPS 15-16A) for the six-month period ending December 31, 2015 (the "Eighth ROPS"); attached here as Exhibit A, including a \$125,000 Administrative Costs allowance; attached here as Exhibit B, and

**WHEREAS**, under the Dissolution Act, the ROPS 15-16A must be approved by March 3, 2015 by the Successor Agency's oversight board (the "Oversight Board") to enable the Successor Agency to continue to make payments on enforceable obligations; and

**WHEREAS**, pursuant to the Dissolution Act, the duly constituted Oversight Board for the Successor Agency met at a duly noticed public meeting on February 19, 2015 to obtain an overview of the ROPS 15-16A to consider specific obligations listed on the Seventh ROPS and to consider approval of the Eighth ROPS, among other approvals; and

**WHEREAS**, the Oversight Board has considered the aforementioned items and finds that such obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Act; and

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board of the Successor Agency for the Dissolved RDA hereby finds, resolves, and determines as follows:

**SECTION 1.** The foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

**SECTION 2.** Under the Health and Safety Code, the Oversight Board may reconsider disallowed enforceable obligations by the Department of Finance.

**SECTION 3.** The Oversight Board has reviewed the City loans included in items 1 and 3 of the ROPS 14-15A, approves the loans as enforceable obligations and makes a finding that they were for legitimate redevelopment purposes.

**SECTION 4.** The Oversight Board has reviewed all the aforementioned obligations, and hereby approves all items included in ROPS 15-16A (Exhibit A) as enforceable obligations.

**ADOPTED** on February 19, 2015 by the Members of the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

	Jellins	Farrales	Abrica	Jackson	Singh	Chow	Martinez
AYES:	X	X		X		X	X
NOES:							
ABSENT:			X		X		
ABSTAIN:							

Chair,

Approved as to form, OB Counsel

Oversight Board Secretary

**ROPS 15-16A**

**Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary**

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: East Palo Alto  
 Name of County: San Mateo

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>	
<b>A Sources (B+C+D):</b>	<b>\$ -</b>
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 1,622,137</b>
F Non-Administrative Costs (ROPS Detail)	1,497,137
G Administrative Costs (ROPS Detail)	125,000
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 1,622,137</b>

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	1,622,137
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(207,607)
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>	<b>\$ 1,414,530</b>

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	1,622,137
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>	<b>1,622,137</b>

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

Brenda Olwin	Interim Finance Director
Name	Title
/s/ Brenda Olwin	2/13/2015
Signature	Date

EXHIBIT A

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail  
 July 1, 2015 through December 31, 2015  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					L		P
										Funding Source					Six-Month Total		
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF				
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin			
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								
								\$ 89,941,565								\$ 1,622,137	
1	Repayment Agreement (06/1989)	City/County Loans On or Before 6/27/11	6/19/1989	1/18/2045	City of East Palo Alto	Loan for Operation Advances	R	5,276,883	N							\$ -	
2	Repayment Agreement (06/1989)	City/County Loans On or Before 6/27/11	6/19/1989	1/18/2045	City of East Palo Alto	Infrastructure Improvements	G,U,C,R	36,208,712	N							\$ -	
3	Repayment Agreement (02/1995)	City/County Loans On or Before 6/27/11	2/21/1995	1/18/2045	City of East Palo Alto	Debt for Land Sold to Agency	G	6,413,730	N							\$ -	
4	Bay Road Infrastructure Improvements	Improvement/Infrastructure	8/10/2005	6/30/2020	City of East Palo Alto	Local match for Bay Road Infrastructure Improvements	G,U,C,R	2,376,000	N							\$ -	
5	2003 Tax Allocation Refunding Bonds, Series A	Bonds Issued On or Before 12/31/10	1/1/2003	10/1/2032	Wells Fargo Bank Trust	Partial refunding of 1999 TABS	G,U,C	8,906,831	N					138,263		\$ 138,263	
6	2003 Tax Allocation Refunding Bonds, Series B	Bonds Issued On or Before 12/31/10	1/1/2003	10/1/2032	Wells Fargo Bank Trust	Partial refunding of 1999 TABS: housing portion	G,U,C	4,746,594	N					182,029		\$ 182,029	
7	2005 Revenue Bonds, Series A	Revenue Bonds Issued On or Before 12/31/10	1/1/2005	10/1/2029	Wells Fargo Bank Trust	Refunding of 1999 TABS	G,U,C	21,020,680	N					1,079,745		\$ 1,079,745	
8	Post Audit of Financial Transactions	Dissolution Audits	1/1/2012	6/30/2016	Badawi and Associates	post audit of financial transactions as required under AB 1484 section 34177 (n)	G,U,C,R	150,000	N					8,200		\$ 8,200	
9	Employee Costs for project implementation activities	Project Management Costs	1/1/2012	12/31/2015	Employees of Agency	Payroll and Payroll-related Costs	G,U,C,R		N							\$ -	
10	Due Diligence Review as mandated by AB 1484	Dissolution Audits	8/13/2012	6/30/2015	Vavrinik, & Co.	Due diligence review performed by licensed accountant	G,U,C,R		N							\$ -	
11	Operating Subsidy Loan	Business Incentive Agreements	5/4/2004	1/1/2026	Bay Road Housing LP	Courtyard Affordable Housing	R	660,000	N					60,000		\$ 60,000	
12	Bank Charges for Bond Fiscal Agent Management	Fees	1/1/1999	1/1/2032	Wells Fargo Bank Trust	Trustee administrative charges	G,U,C,R	145,000	N					7,000		\$ 7,000	
15	Administrative Costs	Admin Costs	2/1/2012	6/30/2045	City of East Palo Alto and 3rd Party Vendors	Administrative Allowance	G,U,C,R	4,000,000	N						125,000	\$ 125,000	
16	Vacation payments made to former RDA employees	Unfunded Liabilities	2/1/2012	6/30/2016	City of East Palo Alto	Payout of accrued vacation made to former RDA employees	G,U,C,R	14,100	N					14,100		\$ 14,100	
17	Sick leave payments made to former RDA employees	Unfunded Liabilities	2/1/2012	6/30/2016	City of East Palo Alto	Payout of accrued sick made to former RDA employees	G,U,C,R	23,035	N					7,800		\$ 7,800	
19	Housing Entity administrative cost allowance	Housing Entity Admin Cost	7/1/2014	6/30/2018	City of East Palo Alto	Housing Entity administrative cost as allowed under AB 471			N							\$ -	

Recognized Obligation Payment Schedule (ROPS 15-16A) - 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="https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf">https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf</a> .									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin		
<b>ROPS 14-15A Actuals (07/01/14 - 12/31/14)</b>									
1	Beginning Available Cash Balance (Actual 07/01/14)						428,919		
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014						1,418,762		
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q						1,454,875		
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required						207,607	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	185,199	
<b>ROPS 14-15B Estimate (01/01/15 - 06/30/15)</b>									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	392,806	
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015								
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)						769,783		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						-		
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	207,607	

EXHIBIT A

Recognized Obligation Payment Schedule (ROPS 15.16A) - Report of Prior Period Adjustments  
 Reported for the ROPS 14-15A (July 1, 2014 through December 31, 2014) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)  
 (Report Amounts in Whole Dollars)

ROPS 14-15A Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS 14-15A (July through December 2014) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 15-16A (July through December 2015) period will be offset by the SA's self-reported ROPS 14-15A prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures						RPTTF Expenditures											Net SA Non-Admin and Admin PPA (Amount Used to Offset ROPS 15-16A Requested RPTTF)
		Bond Proceeds		Reserve Balance		Other Funds		Non-Admin				Admin				Difference (If total actual exceeds total authorized, the total difference is zero)	Net Difference (M+R)		
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available	Actual	Difference (If K is less than L, the difference is zero)	Authorized	Available RPTTF (ROPS 14-15A distributed + all other available as of 07/1/14)	Net Lesser of Authorized / Available			Actual	
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,537,482	\$ 1,537,482	\$ 1,537,482	\$ 1,329,875	\$ 207,607	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ 207,607	
1	Repayment	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
2	Repayment	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
3	Repayment Agreement (02/1995)	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
4	Bay Road Infrastructure Improvements	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
5	2003 Tax Allocation Refunding Bonds, Series A	-	-	-	-	-	-	138,975	138,975	\$ 138,975	137,941	\$ 1,034	-	-	-	-	-	\$ 1,034	
6	2003 Tax Allocation Refunding Bonds, Series B	-	-	-	-	-	-	177,454	177,454	\$ 177,454	170,234	\$ 7,220	-	-	-	-	-	\$ 7,220	
7	2005 Revenue Bonds, Series A	-	-	-	-	-	-	1,048,995	1,048,995	\$ 1,048,995	916,970	\$ 132,025	-	-	-	-	-	\$ 132,025	
8	Post Audit of Financial Transactions	-	-	-	-	-	-	8,200	8,200	\$ 8,200	5,520	\$ 2,680	-	-	-	-	-	\$ 2,680	
9	Employee Costs for project implementation activities	-	-	-	-	-	-	94,758	94,758	\$ 94,758	78,160	\$ 16,598	-	-	-	-	-	\$ 16,598	
10	Due Diligence Review as mandated by AB 1484	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
11	Operating Subsidy Loan	-	-	-	-	-	-	60,000	60,000	\$ 60,000	15,000	\$ 45,000	-	-	-	-	-	\$ 45,000	
12	Bank Charges for Bond Fiscal Agent Management	-	-	-	-	-	-	9,100	9,100	\$ 9,100	6,050	\$ 3,050	-	-	-	-	-	\$ 3,050	
14	Employee Costs for project implementation activities	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
15	Administrative Costs	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
16	Vacation payments made to former RDA employees	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
17	Sick leave payments made to former RDA employees	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	
18	Actual Employee Costs for project implementation activities during the ROPS II period in excess of previous funding	-	-	-	-	-	-	-	-	\$ -	-	\$ -	-	-	-	-	-	\$ -	

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<b>Recognized Obligation Payment Schedule (ROPS 15-16A) - Notes</b> July 1, 2015 through December 30, 2015	
Item #	Notes/Comments
1	This obligation is evidenced by a loan repayment agreement between the City of East Palo Alto (City) and the former East Palo Alto Redevelopment Agency (RDA) whereby the City advanced cash to provide operating funds for the Ravenswood Project Area to implement its redevelopment plan and to reduce blight. Under AB 1484 (Dissolution Act), this loan agreement could begin repayments in fiscal year 2013-14, after the Successor Agency (SA) received a Finding of Completion from the DOF (which the SA received on July 16, 2013) and the Oversight Board made a finding that the loan was for legitimate redevelopment purposes (which was received on September 15, 2014: OB Resolution OB 2014-4). The Dissolution Act also required that the interest rate on the loan not exceed the LAIF rate. The amount of \$5,276,883 shown on ROPS 15-16A is the recalculated loan balance using the LAIF rates. Under Health and Safety Code Section 34191.4, the annual loan repayments that can be included in the ROPS are limited. The maximum annual repayment amount is limited to the growth in RPTTF revenues in 2014-15 compared to the base year of 2012-13 (new growth). Due to the small amount of new growth, no payment is included in the
2	This obligation is evidenced by an amendment to the 1989 repayment agreement between the City of East Palo Alto (City) and the East Palo Alto Redevelopment Agency (RDA) whereby the RDA would reimburse the City for infrastructure improvements obligations in the Ravenswood Project Area necessary to implement its redevelopment plan. No repayment is included in ROPS 15-16A.
3	This obligation is for land sold from the City of East Palo Alto (City) to the East Palo Alto Redevelopment Agency (RDA) for which the City entered into a long term loan agreement whereby the RDA would repay the City over time. Under AB 1484 (Dissolution Act), this loan agreement could be repaid beginning in fiscal year 2013-14, after the Successor Agency (SA) received a Finding of Completion from the DOF (which the SA received on July 16, 2013) and the Oversight Board made a finding that the loan was for legitimate redevelopment purposes (which was received on September 15, 2014: OB Resolution OB 2014-4). The Dissolution Act also required that the interest rate on the loan not exceed the LAIF rate. Since this was a zero interest loan, no recalculation was necessary. Despite obtaining the required actions, on November 13, 2014, the DOF denied the calculated loan repayment amount on ROPS 14-15B and a Meet and Confer session was held on December 2, 2014. On December 17, 2014, the DOF denied the repayment of \$511 and the total outstanding obligation in the full amount of \$6,413,730. The SA continues to dispute the DOF interpretation of the term "loan" and therefore protests the DOF action.
4	This obligation was originally approved by the OSB and DOF in ROPS I. The SA relied on the DOF approval and obligated a contract with a 3rd party. Nevertheless, the DOF denied this as an enforceable obligation in its DDR - OFA determination letter. The SA no longer continues to protests this DOF action.
5	
6	
7	
8	Total outstanding Obligation is an estimate
9	This item should be deleted. Agency did not contest during December 2, 2014 Meet and Confer.
10	N/A. Due Diligence review audits completed.
11	
12	Total outstanding Obligation is an estimate
15	Total outstanding Obligation is an estimate
16	This obligation was originally approved by the OSB and DOF in ROPS I. However, the DOF clawed the funds back in the DDR - OFA as monies had not been disbursed yet. The DOF gave instructions to the SA in its DDR - OFA determination letter to include the obligation on future ROPS once the obligation becomes payable.
17	This obligation was originally approved by the OSB and DOF in ROPS I. However, the DOF clawed the funds back in the DDR - OFA as monies had not been disbursed yet. The DOF gave instructions to the SA in its DDR - OFA determination letter to include the obligation on future ROPS once the obligation becomes payable.
19	This item should be deleted. Agency did not contest during December 2, 2014 Meet and Confer.

### Administrative Allowance Budget

Administrative Budget, July 1, 2015 - December 31, 2015				
		Budgeted	Rate	Hours
Management and administrative Support (per Cost Allocation Plan)		\$ 116,500		
Services and supplies				
Legal, accounting, and professional services		\$ 8,500		
<b>Total Administrative Budget</b>		<b>\$ 125,000</b>		