

Meeting Date:

3/27/12

AGENDA REPORT

City of Santa Clara, California

Agenda Item #

6C



Date: March 23, 2012

To: City Manager for City Council of the City of Santa Clara, acting as the Governing Board of the Successor Agency for the former Redevelopment Agency of the City of Santa Clara Action

From: Director of Finance

Subject: Adopt a Resolution of the City Council of the City of Santa Clara, Acting as the Governing Board of the Successor Agency for the Redevelopment Agency of the City of Santa Clara, Approving the Recognized Obligation Payment Schedule, Approving the Successor Agency Administrative Budget, and Directing the City Manager to Take All Actions Necessary to Effectuate Associated Requirements of AB x1 26

EXECUTIVE SUMMARY:

The California State Legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law. The California Supreme Court in its decision in *California Redevelopment Association v. Matosantos*, issued December 29, 2011 (the "Supreme Court Decision"), declared the Dissolution Act to be constitutional. Under the Dissolution Act, all California redevelopment agencies were dissolved effective February 1, 2012, and various actions are now required by successor agencies to unwind the affairs of all former redevelopment agencies.

On January 10, 2012, the City Council of the City of Santa Clara (the "City Council") adopted Resolution 12-7897 accepting for the City the role of successor agency (the "Successor Agency") to the Redevelopment Agency of the City of Santa Clara (the "Redevelopment Agency").

At this time, it is necessary for the City as Successor Agency to take certain actions to implement various requirements of the Dissolution Act, as follows:

Approve Recognized Obligation Payment Schedule (ROPS). As required by the Dissolution Act, prior to the March 1, 2012 deadline, staff of the Successor Agency prepared a Draft ROPS, covering enforceable obligations of the former Redevelopment Agency through June 30, 2012, and containing other specified information, and transmitted it to the County Auditor-Controller. The first ROPS is supposed to take effect and replace the Enforceable Obligation Payment Schedule (EOPS) previously adopted by the Agency by May 1, 2012. Prior to taking effect, the ROPS must be certified by an external auditor appointed by the County Auditor-Controller and must then be approved by the Oversight Board. The Oversight Board is scheduled to approve the ROPS before April 15, 2012, as required by the Dissolution Act.

Approve Administrative Budget. The Dissolution Act also requires the City as Successor Agency to prepare an administrative budget and submit it to the Oversight Board for approval. In connection and coordination with preparation of the ROPS, staff of the Successor Agency has also prepared the required administrative budget. Through the accompanying resolution, it is recommended that the City Council, as governing board

City Manager for City Council acting as the Governing Board of the Successor Agency for the former Redevelopment Agency of the City of Santa Clara Action
Adopt a resolution approving ROPS, Agency budget, and authorizing City Manager actions of Dissolution Act
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of the Successor Agency, approve the Successor Agency's administrative budget for submittal to the Oversight Board.

Implementation Actions. Finally, the accompanying resolution authorizes and directs the City Manager or the City Manager's designee to take all steps on behalf of the Successor Agency to implement upcoming requirements under the Dissolution Act, including providing necessary notices, transmittals and postings regarding the EOPS, ROPS, and Successor Agency administrative budget, and facilitating the formation and convening of the Oversight Board.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Approval of the ROPS will facilitate the ability of the City as Successor Agency to continue payment of the enforceable obligations of the former Redevelopment Agency and is among the reasonable measures required to be taken to avoid triggering an event of default under any enforceable obligations. Approval of the Successor Agency administrative budget will facilitate the Successor Agency's receipt of the funds to which it is entitled under the Dissolution Act to implement its responsibilities.

No disadvantages have been identified.

ECONOMIC/FISCAL IMPACT:

As shown on the attached ROPS, as of the beginning of this fiscal year, the Redevelopment Agency had a total of \$349.2 million of debt or obligations outstanding. Each January 16 and June 1, the County of Santa Clara will allocate revenue from individual Successor Agency trust funds to make payments listed on the ROPS for each six month period.

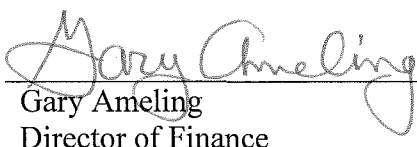
For fiscal year 2011-12, the law allows the Successor Agency to receive an administrative cost allowance based on the greater of 5% of property tax monies flowing into the Successor Agency trust fund or \$250,000. For fiscal year 2012-13 this amount decreases to 3%. The estimated administrative costs associated with Successor Agency operations during the February 1, 2012 to June 30, 2012 period total \$2,110,000. It is not clear at this time how much the 5% administrative cost allowance will yield.

City Manager for City Council acting as the Governing Board of the Successor Agency for the former
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RECOMMENDATION:

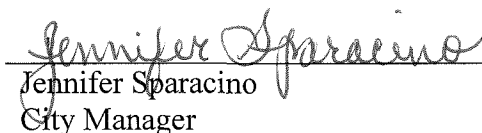
That the City Council, in the capacity as governing board of the successor agency to the former
Redevelopment Agency:

- 1) Adopt a resolution that:
 - a) Approves the Recognized Obligation Payment Schedule;
 - b) Approves the Successor Agency Administrative Budget; and
 - c) Authorizes the City Manager to take such actions and execute such other documents as are
appropriate to effectuate the intent of the resolution and all actions necessary to effectuate
associated requirements of the Dissolution Act.



Gary Ameling
Director of Finance

APPROVED:



Jennifer Sparacino
City Manager

Documents Related to this Report:

- 1) Draft Resolution***
- 2) Recognized Obligation Payment Schedule (Including Successor Agency Administrative Budget)***

RESOLUTION NO. 12-7926

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CLARA, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE, APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE ASSOCIATED REQUIREMENTS OF ABX1 26

BE IT RESOLVED BY THE CITY COUNCIL, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY, AS FOLLOWS:

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.);

WHEREAS, on January 10, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Santa Clara (the "City Council") declared that the City of Santa Clara, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Santa Clara (the "Former RDA") effective February 1, 2012;

WHEREAS, on February 1, 2012, the Former RDA was dissolved pursuant to Health and Safety Code Section 34172;

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare a draft recognized obligation payment schedule (the "ROPS") and make associated notifications and distributions;

WHEREAS, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare an administrative budget (the "Successor Agency Administrative Budget");

WHEREAS, Health and Safety Code Section 34177(k) requires the Successor Agency to prepare administrative cost estimates from the information set forth in the Successor Agency Administrative Budget (the "Successor Agency Administrative Cost Estimates") and provide them to the Auditor-Controller for the County of Santa Clara; and,

WHEREAS, the ROPS and Successor Agency Administrative Budget must be approved by the Oversight Board pursuant to Health and Safety Code Sections 34177(l)(2)(B) and 34177(j), respectively.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY, AS FOLLOWS:

1. That the City Council, acting as the Governing Board of the Successor Agency, hereby approves the ROPS and the Successor Agency Administrative Budget, which contains the Successor Agency Administrative Cost Estimates. Copies of the ROPS and the Successor Agency Administrative Budget are also on file with the City Clerk.
2. That the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager or the City Manager's designee, acting on behalf of the Successor Agency, to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the ROPS, approval of the Successor Agency Administrative Budget containing the Successor Agency Administrative Cost Estimates, and other actions taken pursuant to this Resolution.
3. That nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a municipal corporation, to initiate and prosecute any litigation with respect to any agreement or other arrangement between the City and the Former

RDA, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

4. That the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager or the City Manager's designee to take all steps on behalf of the Successor Agency to implement upcoming requirements under the Dissolution Act, including providing necessary notices, transmittals and postings regarding the EOPS, ROPS, and Successor Agency administrative budget, and facilitating the formation and convening of the Oversight Board.

5. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara, California, hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

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6. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, ACTING IN ITS CAPACITY AS THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA CLARA AT A REGULAR MEETING THEREOF HELD ON THE 10th DAY OF APRIL, 2012, BY THE FOLLOWING VOTE:

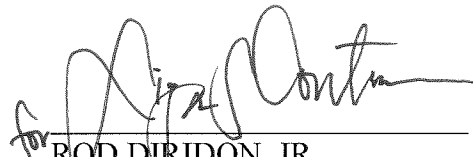
AYES: COUNCILORS: Gillmor, Kennedy, Kolstad, McLeod and Moore and Mayor Matthews

NOES: COUNCILORS: None

ABSENT: COUNCILORS: Mahan

ABSTAINED: COUNCILORS: None

ATTEST:



ROD DIRIDON, JR.
CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference: None

Name of Redevelopment Agency: Redevelopment Agency of the City of Santa Clara
 Project Area(s) University and Bayshore North

PRELIMINARY DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34169

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
							Payments by Month for Second Half of Fiscal Year 2011-12						
							Jan	Feb	Mar	Apr	May	Jun	Total
1)	1999 Tax Allocation Bonds Series A	Bank of New York	Bond issue to fund non-housing projects	47,788,487.50	1,708,862.50	RPTTF					854,431.25		\$ 854,431.25
2)	1999 Tax Allocation Bonds Series B	Bank of New York	Bond issue to fund non-housing projects	18,613,237.54	2,455,131.26	RPTTF					2,042,565.63		\$ 2,042,565.63
3)	2002 Tax Allocation Refunding Bonds	Bank of New York	Bond issue to fund non-housing projects	17,948,600.00	5,984,275.00	RPTTF					5,577,137.50		\$ 5,577,137.50
4)	2003 Tax Allocation Bonds	Bank of New York	Bond issue to fund non-housing projects	62,282,000.00	2,198,000.00	RPTTF					1,099,000.00		\$ 1,099,000.00
5)	2011 Tax Allocation Bonds	Bank of New York	Bond issue to fund non-housing projects	63,850,272.12	801,697.12	RPTTF					451,556.25		\$ 451,556.25
6)	Reimbursement Agreement	City of Santa Clara	Reimbursement agreement for administrative services	4,118,000.00	4,118,000.00	RPTTF	343,166.67	343,166.67	343,166.67	343,166.67	343,166.67	343,166.67	\$ 2,059,000.02
7)	2002 Series B COPs (Agency Share)	City of Santa Clara	Reimbursement agreement - Agency/City	1,010,523.75	344,273.00	RPTTF		344,273.00					\$ 344,273.00
8)	Promissory Note	City of Santa Clara	Repayment of 1998 advance to RDA	5,106,663.00	1,021,236.72	RPTTF						1,021,236.72	\$ 1,021,236.72
9)	2011 Cooperation Agreement	Stadium Authority	To assist a publicly owned stadium	30,249,620.00	0.00	RPTTF		DUE AS FUNDS ARE AVAILABLE					\$ -
10)	2001 Cooperation Agreement	City of Santa Clara	Santa Clara Gateway Development Site	88,853,665.00	0.00	RPTTF		DUE AS FUNDS ARE AVAILABLE					\$ -
11)	Legal and Consulting Contracts	Goldfarb & Lipman / Keyser Marston	Legal and economic consultants	762,788.59	762,788.59	RPTTF	63,565.72	63,565.72	63,565.72	63,565.72	63,565.72	63,565.72	\$ 381,394.32
12)	Loan Agreement	City of Santa Clara	Downtown Revitalization Project Loan	6,545,791.00	100,000.00	RPTTF							\$ -
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	Totals - This Page			\$ 347,129,648.50	\$ 19,494,264.19		\$ 406,732.39	\$ 751,005.39	\$ 406,732.39	\$ 406,732.39	\$ 10,431,423.02	\$ 1,427,969.11	\$ 13,830,594.69
	Totals - Other Obligations			\$ 2,110,000.00	\$ 2,110,000.00		\$ -	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 2,110,000.00
	Grand total - All Pages			\$ 349,239,648.50	\$ 21,604,264.19		\$ 406,732.39	\$ 1,173,005.39	\$ 828,732.39	\$ 828,732.39	\$ 10,853,423.02	\$ 1,849,969.11	\$ 15,940,594.69

Name of Redevelopment Agency: Redevelopment Agency of the City of Santa Clara
 Project Area(s) University and Bayshore North

PRELIMINARY DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34169

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Funding Source	Payable from Other Revenue Sources						
							Payments by Month for Second Half of Fiscal Year 2011-12						
							Jan	Feb	Mar	Apr	May	Jun	Total
1)	Administrative Cost Allowance	City of Santa Clara	Reimbursement for Administrative Expenses	2,110,000.00	2,110,000.00	RPTTF		422,000.00	422,000.00	422,000.00	422,000.00	422,000.00	\$ 2,110,000.00
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Totals - Other Obligations				\$ 2,110,000.00	\$ 2,110,000.00		\$ -	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 422,000.00	\$ 2,110,000.00

**Successor Agency of the Redevelopment Agency of the City of Santa Clara
Administrative Budget for the Period February 1, 2012 to June 30, 2012
Funding Source: Administrative Cost Allowance**

Operations and Overhead

- Successor Agency Supplies
- Successor Agency Printing/Publications
- Internet Hosting/Cable Television
- Travel Expenses
- City Manager's Office Support
- City Attorney's Office Support
- City Clerk's Office Support
- Accounts Payable Support
- Accounts Receivable Support
- General Accounting Support
- Human Resources Support
- IT Support
- Building Maintenance
- Risk Management

Subtotal	\$710,000
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Ongoing Administrative Activities

- County Correspondence/Coordination
- State Controllers Office Correspondence/Coordination
- Department of Finance Correspondence/Coordination
- Preparation of Semi-Annual ROPS
- Preparation of Administrative Budget
- Oversight Board Staff Support
 - Research
 - Preparation of Reports
 - Attendance at Meetings
 - Brown Act Requirements
- Management of Dissolution Activities
- Management of Consultants
- Outside Counsel
- Creation/Management of New Contracts as Approved
- Annual Reporting/Auditing
- Bill Payment
- Debt Management
- Investment Activities

Subtotal	<u>\$1,400,000</u>
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Grand Total	<u>\$2,110,000</u>
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