



**AGENDA
OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE**
City of Oroville Council Chambers
1735 Montgomery Street
Adjourned Meeting

WEDNESDAY, OCTOBER 11, 2017 – 10:00 A.M.

*This meeting may be broadcast remotely via audio and/or video conference at the following addresses:
Cota Cole, LLP, 3401 Centrelake Drive, Suite 670, Ontario, CA 91761*

ROLL CALL

Chairperson:	Larry Grundmann	Appointed member of the General Public
Vice Chairperson:	Victoria Smith	Feather River Recreation and Parks District Board Member
Board Members:	Scott Thomson	Oroville City Council Member
	Tad Alexander	Assistant Superintendent, Butte County Office of Education
	Bill Connelly	Butte County Supervisor, District 1
	Amy Bergstrand	City of Oroville Management Analyst III
	Vacant	Butte-Glenn Community College

PLEDGE OF ALLEGIANCE

RECOGNITION OF INDIVIDUALS WHO WISH TO SPEAK ON AGENDA ITEMS

*Anyone in the audience wishing to address the Board on a matter that is on the agenda should complete a Speaker Form available at the entrance of the Council Chambers. Please deliver the Speaker Form to the City Clerk, who is acting as the Oversight Board Secretary prior to the agenda item being heard by the Oversight Board. When at the podium, you are encouraged to state your name for the record. Following your remarks, Board and/or staff may respond to your comments or questions. The Government Code does allow for **presentations to be limited to three minutes per person.***

CONSENT AGENDA

- 1. **APPROVAL OF THE MINUTES OF THE JANUARY 25, 2017 MEETING OF THE OVERSIGHT BOARD**
- minutes attached.

REGULAR BUSINESS

- 2. **ADOPTION OF THE LAST AND FINAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET**– staff report

The Oversight Board may consider approving the Last and Final Recognized Obligation Payment Schedule for the time period of January 1, 2018 – June 30, 2031, and the Successor Agency Administrative Budget for that same time period. **(Rick Farley, RDA Coordinator)**

Commission Action Requested:

- 1. **Adopt Resolution No. 03-17 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE OROVILLE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF THE OROVILLE ADOPTING THE LAST AND FINAL JANUARY 1, 2018 – JUNE 30, 2031 RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY SECTION 34177 (m) AND 34191.6.**
- 2. **ADOPT RESOLUTION NO. 04-17 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING THE LAST AND FINAL ADINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (J).**

CORRESPONDENCE

- Department of Finance letter dated March 17, 2017 (ROPS)

HEARING OF INDIVIDUALS ON NON-AGENDA ITEMS

*This is the time the Chairperson will invite anyone in the audience wishing to address the Board on a matter not listed on the agenda to step to the podium, state your name for the record and make your presentation. **Presentations are limited to 3 minutes.** Under Government Code Section 54954.2, The Board is prohibited from taking action except for a brief response by the Board or staff to a statement or question relating to a non-agenda item.*

ADJOURNMENT

Accommodating Those Individuals with Special Needs – In compliance with the Americans with Disabilities Act, the Oversight Board of the Oroville Successor Agency encourages those with disabilities to participate fully in the public meeting process. If you have a special need in order to allow you to attend or participate in our public meetings, please contact the City Clerk at (530) 538-2535, well in advance of the regular meeting you wish to attend, so that we may make every reasonable effort to accommodate you. Documents distributed for public session items, less than 72 hours prior to meeting, are available for public inspection at Oroville City Hall, 1735 Montgomery Street, Oroville, California.

**OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE FORMER OROVILLE
REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE
MEETING MINUTES – JANUARY 25, 2017**

*This meeting was broadcast remotely via audio and/or video conference at the following addresses:
Cota Cole, LLP, 3401 Centrelake Drive, Suite 670, Ontario, CA 91761*

The agenda for the January 25, 2017, adjourned meeting of the Oversight Board for the Successor Agency to the former Oroville Redevelopment Agency (Oversight Board) was posted on the bulletin board at the front of City Hall and on the City of Oroville's website located at www.cityoforoville.org on Thursday, January 19, 2017, at 12:55 p.m.

The January 25, 2017 adjourned meeting of the Oversight Board was called to order by Chairperson Grundmann at 10:03 a.m.

ROLL CALL

Present: Board Members Alexander, Bergstrand, Connelly, Thomson, Vice Chairperson Coots, Chairperson Grundmann

Absent: None

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chairperson Grundmann.

RECOGNITION OF INDIVIDUALS WHO WISH TO SPEAK ON AGENDA ITEMS

Ya-Yin Isle – Item No. 2

CONSENT AGENDA

A motion was made by Vice Chairperson Smith, seconded by Board Member Thomson, to approve the following Consent Calendar:

- 1. APPROVAL OF THE MINUTES OF THE JANUARY 27, 2016 MEETING OF THE OVERSIGHT BOARD** - minutes attached.

The motion to approve the Consent Calendar was passed by the following vote:

Ayes: Board Members Alexander, Bergstrand, Connelly, Thomson, Vice Chairperson Coots, Chairperson Grundmann

Noes: None

Abstain: None

Absent: None

REGULAR BUSINESS

2. **ADOPTION OF THE JULY 1, 2017 – JUNE 30, 2018 RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET**– staff report

The Oversight Board considered approving the Recognized Obligation Payment Schedule (ROPS 17-18) for July 1, 2017 – June 30, 2018, as well as the Successor Agency Administrative Budget. **(Rick Farley, RDA Coordinator)**

Ya-Yin Isle, Rosenow Spevacek Group, gave brief overview of the Recognized Obligation Payment Schedule and other Oversight Board actions.

Following discussion, a motion was made by Board Member Thomson, seconded by Board Member Connelly, to:

1. **Adopt Resolution No. 01-17 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE OROVILLE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF THE OROVILLE ADOPTING THE JULY 1, 2017 – JUNE 30, 2018 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 17 – 18) PURSUANT TO HEALTH AND SAFETY SECTION 34177 (m); and**
2. **ADOPT RESOLUTION NO. 02-17 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING THE JULY 1, 2017 THROUGH JUNE 30, 2018 ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (j).**

The motion was passed by the following vote:

Ayes: Board Members Alexander, Bergstrand, Connelly, Thomson, Vice Chairperson Coots, Chairperson Grundmann
Noes: None
Abstain: None
Absent: None

CORRESPONDENCE

- Department of Finance letter dated March 15, 2016 (ROPS)
- Department of Finance letter dated March 15, 2016 (Bond Expenditure Agreement)

ADJOURNMENT

The meeting was adjourned at 10:25 a.m. The Oversight Board meets on an as-needed basis.

Jamie Hayes, Acting Secretary

Larry Grundmann, Chairperson

**OVERSIGHT BOARD
STAFF REPORT**

TO: CHAIRPERSON GRUNDMANN AND BOARD MEMBERS

FROM: RICK FARLEY, RDA COORDINATOR

**RE: ADOPTION OF THE LAST AND FINAL RECOGNIZED
OBLIGATION PAYMENT SCHEDULE AND THE SUCCESSOR
AGENCY ADMINISTRATIVE BUDGET**

DATE: OCTOBER 11, 2017

SUMMARY

The Oversight Board may consider approving the Last and Final Recognized Obligation Payment Schedule for the time period of January 1, 2018 through June 30, 2031, and the Successor Agency Administrative Budget for that same time period.

DISCUSSION

California Health & Safety Code Section 34177(o), requires successor agencies to adopt a Recognized Obligation Payment Schedule (ROPS) before each fiscal period. Pursuant to Health and Safety Code Section 34191.6 beginning in January 1, 2016, successor agencies may submit a Last and Final ROPS for approval if all of the following conditions are met: 1) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules, 2) all remaining obligations have been previously listed on a ROPS and approved for payment by DOF pursuant to HSC Section 34177, and 3) the Successor Agency is not party to outstanding or unresolved litigation. The Oroville Successor Agency meets all the conditions to submit a Last and Final ROPS.

The Last and Final ROPS is a schedule of necessary payments for each enforceable obligation of the former Oroville Redevelopment Agency for each fiscal year period until the final enforceable obligation is paid and retired, in this case FY 2030-31. It replaces the annual ROPS that have been due each year on February 1, and has the advantage of removing future ROPS preparation and filings, thereby reducing the administrative burden on a successor agency, Oversight Board, County, and DOF. Additionally, the Dissolution Act allows for a different payment formula for City loans which can be more favorable under a Last and Final ROPS, as explained further below.

City Loan

The Successor Agency is recommending filing a Last and Final ROPS at this time so that the City may receive repayment of the City loan that was entered into between the City of Oroville and the former Oroville Redevelopment Agency (RDA) in 1987 and subsequently in 1995. The original principal loaned to the RDA totaled

\$1.8 million and the RDA made interest payments each year, and repaid the total outstanding principal and interest due of \$1,852,500 in January 2012. However, DOF disallowed the January 2012 loan repayment through the due diligence review process, and required the City to return the \$1,852,500 to the Butte County Auditor-Controller for distribution to affected taxing entities. Although the Successor Agency disputed DOF's determination, it returned the funds to the Auditor-Controller on December 20, 2013 under protest.

Subsequently, AB 1484 set up a statutory process that allows successor agencies to repay city loans once they receive their Finding of Completion from DOF. The Oroville Successor Agency received their Finding of Completion on May 6, 2014. As part of this new statutory process, redevelopment oversight boards must also make a finding that city loans were for legitimate redevelopment purposes in order for them to be deemed enforceable obligations payable on the ROPS. Accordingly, the Oroville Oversight Board adopted OB Resolution 01-14 finding the loan was for legitimate redevelopment purposes on February 24, 2014 and that resolution was approved by DOF in their letter dated April 11, 2014.

In accordance with HSC Section 34191.4(b)(2), once these loans are deemed enforceable obligations, repayment of the loans is subject to specified requirements and limitations, including scheduled repayments on the ROPS cannot exceed 50% of the annual incremental growth of residual RPTTF revenues using a FY 2012-13 base year. When the ROPS process initially began in 2012, successor agencies were also undergoing a due diligence review process (DDR). Most successor agencies kept cash balances in reserve until the DDR mandated that those cash balances be paid to their county auditor-controller's office for distribution to taxing entities. They received Redevelopment Property Tax Trust Fund (RPTTF) to pay enforceable obligations instead of using their cash balances. Oroville's Successor Agency however, based on AB x1 26 and DOF's direction, voluntarily exhausted reserve cash balances to pay for ROPS obligations in FY 2012-13 instead of receiving RPTTF, and received only \$125,000 of administrative allowance from RPTTF in FY 2012-13. This resulted in a very high residual RPTTF amount in FY 2012-13. The Successor Agency began receiving RPTTF to fund the majority of its ROPS obligations in FY 2013-14, which significantly decreases the amount of residual RPTTF available in future years. Based on this formula, the City Loan would not be able to be start repayment until FY 2030-31.

The Oroville Successor Agency has filed multiple meet and confers with DOF disputing the calculation of the 2012-13 base year, and most recently during ROPS 17-18 to try and reverse DOF's continued denial of the City's Loan Repayment. City staff met with the County Auditor-Controller and state legislators Assemblyman James Gallagher and Senator Jim Nielsen who sent a joint letter to DOF in support of the Successor Agency to try to resolve the issue through the ROPS process. On May 17, 2017 DOF issued a determination letter to the meet and confer continuing to deny the City loan repayment. As it appears that with all legal, political, and administrative options exhausted, DOF has not shown any interest or willingness in moving its position on the City loan repayment formula, thereby forcing the Successor Agency to either wait another 14 years for repayment of this loan to the City, or pursue a Last and Final ROPS which would allow the loan to begin repayment the second half of this fiscal year.

As an added incentive for successor agencies to support a Last and Final ROPS, the formula to determine the maximum amount of funds available for repayment of City loans and other approved deferrals or loans is materially different and in many cases much greater. It is not based on the 2012-13 base year residual, and is instead a simple 15 percent of the residual RPTTF in each six-month period. Should the Oroville Successor Agency file a Last and Final ROPS, the formula for City loan repayment would allow the City's loan to be repaid starting in FY 17-18B period and completed in FY 2020-21.

Administrative Allowance

The Successor Agency has historically received the full allowable \$250,000 each fiscal year for the administrative allowance. With a Last and Final ROPS, the recurring administrative cost allowance would be significantly reduced, to match the significantly reduced administrative duties of the Successor Agency. DOF has indicated that the administrative cost allowance on a Last and Final ROPS should be expected to be reduced to approximately \$2,500 or less per approved line item per year, which is similar to what other successor agencies who have filed a Last and Final ROPS have had their administrative cost allowance reduced to. With additional Successor Agency reporting requirements including the Prior Period Adjustment, and Successor Agency properties not yet sold or transferred, the initial administrative allowance request for 17-18B and FY 18-19 is \$15,000. FY 19-20 requests \$10,000, and thereafter the administrative allowance is reduced down to \$5,000 to maintain bond payments, fiscal agent fees, and reporting requirements.

Pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget and submit it for final approval to the Oversight Board. The administrative budget is required to include estimated amounts for Successor Agency administrative costs for the ROPS period as well as the source of payment for the administrative costs. The attached Administrative Budget covers the Last and Final ROPS time period starting with 17-18B period through FY 2030-31 with the RPTTF as the source of payment.

Last and Final ROPS Enforceable Obligations

The majority of the enforceable obligations on the Last and Final ROPS remain unchanged from prior ROPS. The remaining enforceable obligations listed on the Last and Final ROPS are as follows:

- Bond fiscal agent fees;
- Administrative cost allowance;
- Robert Taylor Participation Agreement;
- Debt service payments on the 2015 Tax Allocation Refunding Bonds; and
- 2015 TARB Continuing Disclosure Fee

The Robert Taylor Participation Agreement will be paid off and retired in ROPS 21-22A period, and the debt service payments, fiscal agent fees, and continuing disclosure fees for the 2015 Tax Allocation Refunding Bonds will be paid off and retired in ROPS 30-31B period. After that, all Successor Agency enforceable obligations will be paid and the redevelopment agency would be completely dissolved with no further action needed by the Successor Agency or the City.

DOF Review

Upon Oversight Board approval, the Last and Final ROPS will be immediately submitted to the Department of Finance (DOF) for review. The Last and Final ROPS will also be transmitted to the State Controller's Office and the Butte County Auditor-Controller for their review. DOF has up to 100 days to review the Last and Final ROPS, however they have indicated a willingness to work with the Successor Agency to try to complete the review in time for the ROPS 17-18B distribution of RPTTF on January 2, 2018. Future disbursements of property tax revenue to pay ROPS obligations by the Auditor-Controller will continue to be on June 1 for A periods and January 2 for B periods. Once DOF approves a successor agency's Last and Final ROPS, the successor agency may submit up to two requests to amend it and cannot include any new items.

FISCAL IMPACT

Adoption and transmittal of the Recognized Obligation Payment Schedule is necessary to receive money from the Redevelopment Property Tax Trust Fund (RPTTF) to pay ongoing bond payments and other enforceable obligations of the former Redevelopment Agency. This Last and Final ROPS will cover the time period of January 1, 2018 through June 30, 2031. It is anticipated that there will be enough RPTTF to pay for enforceable obligations until all enforceable obligations are paid for and retired in 2031.

RECOMMENDATIONS

1. Adopt Resolution No. 03-17 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING THE LAST AND FINAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (m) AND 34191.6.
2. Adopt Resolution No. 04-17 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE OROVILLE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING THE LAST AND FINAL ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (j).

ATTACHMENTS

- A - Resolution No. 03-17
- B - Last and Final Recognized Obligation Payment Schedule
- C - Resolution No. 04-17
- D - Last and Final Administrative Budget
- E - City Loan Repayment Schedule

**OVERSIGHT BOARD
RESOLUTION NO. 03-17**

A RESOLUTION OF THE OVERSIGHT BOARD OF THE OROVILLE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING A LAST AND FINAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (m) AND 34191.6

WHEREAS, pursuant to Health and Safety Code Section 34177 (m) the Oversight Board is required to approve a Recognized Obligation Payment Schedule (ROPS) for each upcoming fiscal year, and

WHEREAS, pursuant to Health and Safety Code Section 34191.6 beginning in January 1, 2016, successor agencies may submit a Last and Final ROPS for approval if all of the following conditions are met: 1) the remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules, 2) all remaining obligations have been previously listed on a ROPS and approved for payment by DOF pursuant to HSC Section 34177, and 3) the Successor Agency is not party to outstanding or unresolved litigation, and

WHEREAS, the Oroville Successor Agency meets the conditions required to submit a Last and Final ROPS, and

WHEREAS, the Oroville Successor Agency has evaluated the implications of preparing a Last and Final ROPS and has determined that it not only reduces the administrative burden for dissolving the former Oroville Redevelopment Agency but offers the opportunity to repay the former Redevelopment Agency's loan payable to the City of Oroville much sooner than would otherwise be allowable, and

WHEREAS, upon Oversight Board approval of the ROPS, the Successor Agency is required to submit the ROPS to the Department of Finance and the County Auditor-Controller.

BE IT HEREBY RESOLVED by the Oversight Board as follows:

SECTION 1. The Oversight Board Oroville Successor Agency approves the Last and Final Recognized Obligation Payment Schedule for the period of January 1, 2018 through June 30, 2031.

SECTION 2. The Secretary shall attest to the adoption of this Resolution.

PASSED and ADOPTED by the Oversight Board of the Successor Agency to the Oroville Redevelopment Agency at a regular meeting on October 11, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Larry Grundmann, Chairperson

Jamie Hayes, Assistant Secretary

ATTACHMENT "B"

Last and Final Recognized Obligation Payment Schedule (ROPS) - Summary Filed for the July 1, 2017 through June 30, 2048 Period

Successor Agency:	Oroville
County:	Butte
Initial ROPS Period	ROPS 17-18A
Final ROPS Period	ROPS 46-47B

Requested Funding for Enforceable Obligations	Total Outstanding Obligation
A Enforceable Obligations Funded as Follows (B+C):	\$ -
B Bond Proceeds	-
C Other Funds	-
D Redevelopment Property Tax Trust Fund (RPTTF) (E+F):	\$ 23,370,616
E RPTTF	23,275,616
F Administrative RPTTF	95,000
G Total Outstanding Enforceable Obligations (A+D):	\$ 23,370,616

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 agency.

<u>Larry Grundmann</u>	<u>Chairperson</u>
Name	Title
<u>/s/</u>	<u>11-Oct-17</u>
Signature	Date

Maximum City Loan Repayment Calculation

	Actual Residual RPTTF	15% Max Payment Amount
ROPS II	2,774,438	
ROPS III	2,825,286	
FY 12-13	5,599,724	
13-14A	1,147,185	
13-14B	1,931,200	
FY 13-14	3,078,385	
14-15A	956,805	
14-15B	2,870,630	
FY 14-15	3,827,435	
15-16A	1,539,809	
15-16B	1,299,597	
FY 15-16	2,839,406	
16-17A	2,774,015	
16-17B (Estimated)	1,263,610	
FY 16-17	4,037,624	
17-18A	2,936,342	
17-18B	1,568,994	235,349
FY 17-18	4,505,336	
18-19A	3,124,150	468,622
18-19B	1,569,034	235,355
FY18-19	4,693,184	
19-20A	3,208,706	481,306
19-20B	1,635,604	245,341
FY 19-20	4,844,310	
20-21A	3,295,012	494,252
20-21B	1,727,443	259,116
FY 20-21	5,022,455	
21-22A	3,378,108	506,716
21-22B	1,810,388	
FY 21-22	5,188,496.79	

City Loan Repayment Schedule

	Remaining Principal Balance	Interest Rate ¹	Interest Owed	Remaining Interest Balance	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Remaining Interest Balance	ROPS Period	20% Housing Set-Aside	Remaining to City GF
FY 11-12	1,852,500	0.382%	7,077	7,077				1,859,577	7,077			
FY 12-13	1,859,577	0.307%	5,709	12,785				1,865,285	12,785			
FY 13-14		0.26%										
Q1	1,865,285	0.07%	1,212	13,998				1,866,498	13,998	13-14A		
Q2	1,866,498	0.07%	1,213	15,211				1,867,711	15,211			
Q3	1,867,711	0.07%	1,214	16,425				1,868,925	16,425	13-14B		
Q4	1,868,925	0.75%	14,017	30,442				1,868,925	30,442			
FY 14-15		3.00%										
Q1	1,868,925	0.75%	14,017	44,459				1,868,925	44,459	14-15A		
Q2	1,868,925	0.75%	14,017	58,476				1,868,925	58,476			
Q3	1,868,925	0.75%	14,017	72,493				1,868,925	72,493	14-15B		
Q4	1,868,925	0.75%	14,017	86,510				1,868,925	86,510			
FY 15-16		3.00%										
Q1	1,868,925	0.75%	14,017	100,527				1,868,925	100,527	15-16A		
Q2	1,868,925	0.75%	14,017	114,544				1,868,925	114,544			
Q3	1,868,925	0.75%	14,017	128,561				1,868,925	128,561	15-16B		
Q4	1,868,925	0.75%	14,017	142,578				1,868,925	142,578			
FY 16-17		3.00%										
Q1	1,868,925	0.75%	14,017	156,595				1,868,925	156,595	16-17A		
Q2	1,868,925	0.75%	14,017	170,611				1,868,925	170,611			
Q3	1,868,925	0.75%	14,017	184,628				1,868,925	184,628	16-17B		
Q4	1,868,925	0.75%	14,017	198,645				1,868,925	198,645			
FY 17-18		3.00%										
Q1	1,868,925	0.75%	14,017	212,662				1,868,925	212,662	17-18A		
Q2	1,868,925	0.75%	14,017	226,679				1,868,925	226,679			
Q3	1,868,925	0.75%	14,017	240,696	235,349		235,349	1,633,576	240,696	L&F17-18B	47,070	188,279
Q4	1,633,576	0.75%	12,252	252,948				1,633,576	252,948			
FY 18-19		3.00%										
Q1	1,633,576	0.75%	12,252	265,200	468,622		468,622	1,164,954	265,200	18-19A	93,724	374,898
Q2	1,164,954	0.75%	8,737	273,937				1,164,954	273,937			
Q3	1,164,954	0.75%	8,737	282,674	235,355		235,355	929,599	282,674	18-19B	47,071	188,284
Q4	929,599	0.75%	6,972	289,646				929,599	289,646			
FY 19-20		3.00%										
Q1	929,599	0.75%	6,972	296,618	481,306		481,306	448,293	296,618	19-20A	96,261	385,045
Q2	448,293	0.75%	3,362	299,980				448,293	299,980			
Q3	448,293	0.75%	3,362	303,342	245,341		245,341	202,952	303,342	19-20B	49,068	196,273
Q4	202,952	0.75%	1,522	304,865				202,952	304,865			
FY 20-21		3.00%										
Q1	202,952	0.75%	1,522	306,387	202,952	291,300	494,252		15,087	20-21A	98,850	395,401
Q2	-	0.75%	-	15,087					15,087			
Q3	-	0.75%	-	15,087		15,087	15,087			20-21B	3,017	12,070
Q4	-	0.75%	-	-								
TOTAL PAID					1,868,925	306,387	2,175,312				435,062	1,740,249

¹PMIA average annual yields through FY 12-13. Future periods apply the LAIF quarterly apportionment rate for Sept. & Dec. 2013.

OB approved resolution finding City loan to be for legitimate redevelopment purpose on February, 26, 2014. Therefore beginning with the 4th quarter of FY 13-14, interest is recalculated on a quarterly basis, at a simple interest rate of 3 percent per HSC Section 34191.4 (b) (3)

Oroville Last and Final Recognized Obligation Payment Schedule (ROPS) - ROPS Detail
July 1, 2017 through June 30, 2048
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Obligation
4	Fiscal Agent Fees, and Arbitrage	Fees	3/1/2012	9/15/2030	Union Bank - Willdan	Fees for fiscal agent services		\$ 23,370,613
8	*Levee Investigation	Professional Services	6/21/2011	6/21/2012	HDR Engineering	Professional Services Agreement with HDR, FEMA Levee Certification Project	Oroville RDA Project Area #1	\$114,800
9	Oroville Enterprise Zone	Professional Services	12/10/2007	6/30/2021	City of Oroville	MOU between the State of California - HCD and the City to perform Enterprise Zone Activities		
10	Oroville Inn Code Enforcement Legal Services	Professional Services	4/6/2010	9/15/2030	Cota Cole	Professional Services Agreement with Cota Cole for Code Enforcement Legal Services		
12	*Successor Agency Administrative Allowance	Admin Costs	2/1/2012	9/15/2031	City of Oroville	Staffing costs overhead, building, insurance, utility costs, equipment, etc	Oroville RDA Project Area #1	\$95,000
20	Robert M Taylor Corporation Participation Agreement	OPA/DDA/Construction	12/15/1986	1/1/2021	City of Oroville	Developer Participation Agreement dated December 15, 1986, whereby the Oroville RDA agrees to reimburse the participant a portion of the assessed value of the underlying developed property on an annual basis through the tax year 2021.	Oroville RDA Project Area #1	\$9,001
21	City of Oroville Loan	City/County Loan (Prior 06/28/11), Cash exchange	10/19/1987	12/31/2030	City of Oroville	Loan from City to former RDA to provide seed money for CIP projects and property acquisition	Oroville RDA Project Area #1	2,175,312
22	Housing Successor Entity Administrative Cost Allowance	Housing Entity Admin Cost	2/18/2014	9/15/2030	Oroville Housing Successor Entity	Administrative cost allowance for the housing successor entity permitted by Assembly Bill 471, codified in HSC Section 34171(p)		
23	2015 Tax Allocation Revenue Refunding Bonds	Refunding Bonds Issued After 6/27/12	3/12/2015	9/15/2031	Union Bank	Refunding of 2002, 2004A and 2004B tax allocation bonds issued to fund non-housing projects	Oroville RDA Project Area #1	\$20,896,000
24	Pre-Disposition Costs - Property Disposition by Successor Agency	Property Dispositions	1/1/2015	9/15/2031	Appraisers, Brokers/ Agents, Environmental consultants, Title companies, Escrow	Preparation of properties for disposition by Successor Agency - Disposition documentation, title and escrow services, environmental due diligence, appraisal fees, broker and agent fees, other pre-disposition costs associated with disposition of properties.		
25	Interim Property Management - Property Disposition by Successor Agency	Property Dispositions	1/1/2015	9/15/2031	Property Agents, Maintenance Contractors	Preparation and maintenance of agency properties for disposition by Successor Agency - Interim Property Management		
26	City of Oroville Bond Expenditure Agreement	Bond Funded Project - Pre-2011	12/16/2015	9/15/2031	City of Oroville	Bond expenditure agreement between City of Oroville and the Successor Agency to transfer excess bond proceeds to the City.		

**OVERSIGHT BOARD
RESOLUTION NO. 04-17**

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF OROVILLE ADOPTING THE JANUARY 1, 2018 THROUGH JUNE 30, 2048 ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 (j)

WHEREAS, pursuant to Health and Safety Code Section 34177 (j) the Oversight Board is required to approve the Successor Agency Administrative Budget; and

WHEREAS, the Administrative Budget shall include 1) an estimate of the 12- month fiscal period, 2) sources of payment for the costs identified, and 3) arrangements for administrative and operations services provided by the City or other agency; and

WHEREAS, the Oroville Successor Agency meets the conditions required to submit a Last and Final ROPS for the time period of January 1, 2018 through June 30, 2048, and this will be the final Administrative Budget adopted for the Successor Agency.

BE IT HEREBY RESOLVED by the Oversight Board as follows:

SECTION 1. The Oversight Board of the Oroville Successor Agency approves the Oroville Successor Agency Administrative Budget for the period of January 1, 2018 through June 30, 2048.

SECTION 2. The Secretary shall attest to the adoption of this Resolution.

PASSED and ADOPTED by the Successor Agency to the Oroville Redevelopment Agency at a regular meeting on October 11, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Larry Grundmann, Chairperson

Jamie Hayes, Assistant Secretary

**OROVILLE SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET
FISCAL YEAR 2017-18B THROUGH 2030-31
FOR LAST AND FINAL ROPS**

Expense Category	17-18B	FY 18-19	FY 19-20	FY 20-21 to 30-31
Successor Agency Personnel				
Salaries – Finance Director	\$1,130	\$1,130	\$1,130	\$1,130
Salaries – Finance Department staff	\$345	\$345	\$345	\$345
Salaries – Finance Department staff	\$225	\$225	\$225	\$225
Salaries – Successor Agency staff	\$2,000	\$2,000	\$2,000	\$2,000
Salaries – City Manager	\$1,300	\$1,300	\$1,300	\$1,300
<i>SUBTOTAL</i>	<i>\$5,000</i>	<i>\$5,000</i>	<i>\$5,000</i>	<i>\$5,000</i>
Maintenance and Operation				
Contracted Services – PPA and SA Services	\$5,000	\$5,000	\$2,500	\$0
Legal Services	\$5,000	\$5,000	\$2,500	\$0
<i>SUBTOTAL</i>	<i>\$10,000</i>	<i>\$10,000</i>	<i>\$5,000</i>	<i>\$0</i>
TOTAL EXPENDITURES	\$15,000	\$15,000	\$10,000	\$5,000

The funding source is the Successor Agency’s Administrative Cost Allowance from the Redevelopment Property Tax Trust Fund. 17-18B through 19-20 include Contracted and Legal Services to assist with disposition of LRPMP property, Prior Period Adjustments, and other necessary SA services as needed.

Maximum City Loan Repayment Calculation

	Actual Residual RPTTF	15% Max Payment Amount
ROPS II	2,774,438	
ROPS III	2,825,286	
FY 12-13	5,599,724	
13-14A	1,147,185	
13-14B	1,931,200	
FY 13-14	3,078,385	
14-15A	956,805	
14-15B	2,870,630	
FY 14-15	3,827,435	
15-16A	1,539,809	
15-16B	1,299,597	
FY 15-16	2,839,406	
16-17A	2,774,015	
16-17B (Estimated)	1,263,610	
FY 16-17	4,037,624	
17-18A	2,936,342	
17-18B	1,568,994	235,349
FY 17-18	4,505,336	
18-19A	3,124,150	468,622
18-19B	1,569,034	235,355
FY18-19	4,693,184	
19-20A	3,208,706	481,306
19-20B	1,635,604	245,341
FY 19-20	4,844,310	
20-21A	3,295,012	494,252
20-21B	1,727,443	259,116
FY 20-21	5,022,455	
21-22A	3,378,108	506,716
21-22B	1,810,388	
FY 21-22	5,188,496.79	

City Loan Repayment Schedule

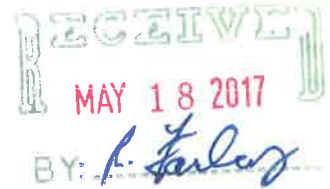
	Remaining Principal Balance	Interest Rate ¹	Interest Owed	Remaining Interest Balance	Principal Payment	Interest Payment	Total Payment	Remaining Principal Balance	Remaining Interest Balance	ROPS Period	20% Housing Set-Aside	Remaining to City GF
FY 11-12	1,852,500	0.382%	7,077	7,077				1,859,577	7,077			
FY 12-13	1,859,577	0.307%	5,709	12,785				1,865,285	12,785			
FY 13-14		0.26%										
Q1	1,865,285	0.07%	1,212	13,998				1,866,498	13,998	13-14A		
Q2	1,866,498	0.07%	1,213	15,211				1,867,711	15,211			
Q3	1,867,711	0.07%	1,214	16,425				1,868,925	16,425	13-14B		
Q4	1,868,925	0.75%	14,017	30,442				1,868,925	30,442			
FY 14-15		3.00%										
Q1	1,868,925	0.75%	14,017	44,459				1,868,925	44,459	14-15A		
Q2	1,868,925	0.75%	14,017	58,476				1,868,925	58,476			
Q3	1,868,925	0.75%	14,017	72,493				1,868,925	72,493	14-15B		
Q4	1,868,925	0.75%	14,017	86,510				1,868,925	86,510			
FY 15-16		3.00%										
Q1	1,868,925	0.75%	14,017	100,527				1,868,925	100,527	15-16A		
Q2	1,868,925	0.75%	14,017	114,544				1,868,925	114,544			
Q3	1,868,925	0.75%	14,017	128,561				1,868,925	128,561	15-16B		
Q4	1,868,925	0.75%	14,017	142,578				1,868,925	142,578			
FY 16-17		3.00%										
Q1	1,868,925	0.75%	14,017	156,595				1,868,925	156,595	16-17A		
Q2	1,868,925	0.75%	14,017	170,611				1,868,925	170,611			
Q3	1,868,925	0.75%	14,017	184,628				1,868,925	184,628	16-17B		
Q4	1,868,925	0.75%	14,017	198,645				1,868,925	198,645			
FY 17-18		3.00%										
Q1	1,868,925	0.75%	14,017	212,662				1,868,925	212,662	17-18A		
Q2	1,868,925	0.75%	14,017	226,679				1,868,925	226,679			
Q3	1,868,925	0.75%	14,017	240,696	235,349		235,349	1,633,576	240,696	L&F17-18B	47,070	188,279
Q4	1,633,576	0.75%	12,252	252,948				1,633,576	252,948			
FY 18-19		3.00%										
Q1	1,633,576	0.75%	12,252	265,200	468,622		468,622	1,164,954	265,200	18-19A	93,724	374,898
Q2	1,164,954	0.75%	8,737	273,937				1,164,954	273,937			
Q3	1,164,954	0.75%	8,737	282,674	235,355		235,355	929,599	282,674	18-19B	47,071	188,284
Q4	929,599	0.75%	6,972	289,646				929,599	289,646			
FY 19-20		3.00%										
Q1	929,599	0.75%	6,972	296,618	481,306		481,306	448,293	296,618	19-20A	96,261	385,045
Q2	448,293	0.75%	3,362	299,980				448,293	299,980			
Q3	448,293	0.75%	3,362	303,342	245,341		245,341	202,952	303,342	19-20B	49,068	196,273
Q4	202,952	0.75%	1,522	304,865				202,952	304,865			
FY 20-21		3.00%										
Q1	202,952	0.75%	1,522	306,387	202,952	291,300	494,252		15,087	20-21A	98,850	395,401
Q2	-	0.75%	-	15,087			-		15,087			
Q3	-	0.75%	-	15,087		15,087	15,087			20-21B	3,017	12,070
Q4	-	0.75%	-	-								
TOTAL PAID					1,868,925	306,387	2,175,312				435,062	1,740,249

¹PMIA average annual yields through FY 12-13. Future periods apply the LAIF quarterly apportionment rate for Sept. & Dec. 2013.

OB approved resolution finding City loan to be for legitimate redevelopment purpose on February, 26, 2014. Therefore beginning with the 4th quarter of FY 13-14, interest is recalculated on a quarterly basis, at a simple interest rate of 3 percent per HSC Section 34191.4 (b) (3)



May 17, 2017



Mr. Jim Simon, Consultant
City of Oroville
309 W. Fourth Street
Santa Ana, CA 92701

Dear Mr. Simon:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 10, 2017. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oroville Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to Finance on January 26, 2017. Subsequently, the Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 5, 2017.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determination being disputed:

Item No. 21 – City of Oroville Loan repayment in the amount of \$854,914 is not allowed. Finance continues to deny this item. Finance initially denied this item because the \$854,914 requested exceeds the maximum repayment amount authorized under HSC section 34191.4 (b) (3) (A). During the Meet and Confer, the Agency explained they paid for most of their enforceable obligations using reserves instead of Redevelopment Property Tax Trust Fund (RPTTF) in fiscal year 2012-13 as required under HSC section 34177 (l)(1)(E). As such, the amount of RPTTF distributed to the taxing entities in fiscal year 2012-13 base year used to calculate the Agency's annual loan repayments is high in comparison to subsequent ROPS periods. Consequently, because the statutory loan repayment formula is based on the increase in RPTTF distributed to the taxing entities in the fiscal year 2012-13 compared to the subsequent fiscal year, it will take several years for the loan to be repaid.

The Agency asked Finance to direct the County Auditor-Controller (CAC) to adjust the residual pass-through amount in fiscal year 2012-13 by assuming that the enforceable obligations in fiscal year 2012-13 were paid out of to RPTTF instead of reserves. However, Finance does not have the legal authority to direct the CAC to take these actions. Therefore, the original dispersed amounts should be used to calculate the loan repayment amount.

HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year. According to the CAC's report, the ROPS residual pass-through amounts distributed to the taxing entities for fiscal years 2012-13 and 2016-17 are \$5,599,723 and \$4,037,625, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 17-18 period is zero. Therefore, the \$854,914 requested is not eligible for RPTTF funding on this ROPS.

In addition, per Finance's letter dated March 10, 2017, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 22 – Housing Successor Entity Administrative Cost Allowance in the total outstanding balance of \$500,000 is not allowed. Finance continues to deny this item. Pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the Redevelopment Agency (RDA) elected to not assume the housing functions and the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. Here, however, the City of Oroville (City) elected to be the housing entity to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on August 1, 2012. Therefore, the City is not eligible for the housing entity administrative costs allowance of \$150,000 requested for the ROPS 17-18 period.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.
- On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified from RPTTF to Other Funds in the amount specified below:
 - Item No. 23 – 2015 Tax Allocation Revenue Refunding Bonds in the amount of \$1,607,994. This item is an enforceable obligation for the ROPS 17-18 period. However, the Agency reported \$38,217 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,569,777 and the use of Other Funds in the amount of \$38,217, totaling \$1,607,994 for the ROPS 17-18 period.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18.

Mr. Jim Simon
May 17, 2017
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The Agency's maximum approved RPTTF distribution for the reporting period is \$1,835,612 as summarized in the Approved RPTTF Distribution table on Page 5 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period) and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

This is Finance's final determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Mr. Jim Simon
May 17, 2017
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Please direct inquiries to Wendy Griffe, Supervisor, or Jane Xuan, Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Rick Farley, Business Assistance Coordinator, City of Oroville
Ms. Maria Solis, Auditor - Accountant, Butte County

Attachment

Approved RPTTF Distribution			
For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 857,049	\$ 1,621,694	\$ 2,478,743
Administrative RPTTF Requested	275,000	125,000	400,000
Total RPTTF Requested	1,132,049	1,746,694	2,878,743
RPTTF Requested	857,049	1,621,694	2,478,743
<u>Adjustments</u>			
Item No. 21	(854,914)	0	(854,914)
Item No. 23	0	(38,217)	(38,217)
RPTTF Authorized	2,135	1,583,477	1,585,612
Administrative RPTTF Requested	275,000	125,000	400,000
<u>Adjustment</u>			
Item No. 22	(150,000)	0	(150,000)
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Approved for Distribution	\$ 127,135	\$ 1,708,477	\$ 1,835,612