OVERSIGHT BOARD
Successor Agency to the Chico Redevelopment Agency
Meeting of April 4, 2012 – 9:00 a.m.
Council Chamber Building, 421 Main Street, Conference Room No. 1
Board: Chair Scott Gruendl, Vice Chair Trevor Stewart
Kevin Bultema, Dave Burkland, Wes Gilbert, Steve Visconti, Larry Wahl

REGULAR AGENDA
A. Roll Call
B. Overview of Local Agency Rules - (Report - City of Chico City Clerk, Debbie Presson)
   1. Establishment of a Regular Meeting Schedule
   2. Statement of Economic Interests - Form 700
C. Distribution of Property Taxes - (Discussion - Finance Director, Jennifer Hennessy and Senior Planner, Shawn Tillman)
D. Unencumbered Bond Proceeds - (Discussion - Finance Director, Jennifer Hennessy and Senior Planner, Shawn Tillman)
E. Approval of the Successor Agency Administrative Budget
   Each Successor Agency is required to prepare an administrative budget and submit it to the Oversight Board for its approval. The budget covers Successor Agency administrative and operating costs for the period February 1, 2012 through June 30, 2012. The administrative budget is also the basis for the Administrative Cost Allowance for the successor agency, which also must be approved by the Oversight Board. (Staff Report - Senior Planner, Shawn Tillman)
F. Approval of Preliminary Recognized Obligation Payment Schedule
   Each successor agency is required to prepare a Recognized Obligation Payment Schedule (ROPS). The ROPS serves as the Successor Agency’s ongoing authority for making payments on the obligations of the former redevelopment agency. Before a ROPS becomes operative, it must, among other requirements, be approved by the Oversight Board for the Successor Agency. The ROPS covers the period January 1, 2012 through June 30, 2012. (Staff Report - Senior Planner, Shawn Tillman)
G. Approval of Minutes dated March 21, 2012
H. Upcoming Agenda
I. Reports and Communications - The report and communication item is provided for the Committee’s information. No action can be taken on the item unless the Committee agrees to include it on a subsequent posted agenda.
   1. Legislative Update - (Verbal Report - Senior Planner, Shawn Tillman)
J. Business from the Floor - Members of the public may address the Committee at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Committee cannot take any action at this meeting on requests made under this section of the agenda.
K. Adjournment and Next Meeting - The meeting will adjourn to the next Oversight Board meeting scheduled for Wednesday, May 2, 2012, at 9:00 a.m. in Conference Room No. 1.
Oversight Board Agenda Report
For the Successor Agency to the
Chico Redevelopment Agency

Meeting Date: April 4, 2012

TO: Oversight Board
FROM: Shawn Tillman, Senior Planner (530) 896-7204 stillman@ci.chico.ca.us
RE: Discussion Items on April 4, 2012 Agenda

The attached items are for review and reference pertaining to discussion items on the April 4, 2012 Oversight Board agenda.

If you have questions in advance, please contact me.

Prepared by:

[Signature]
Shawn Tillman, Senior Planner

DISTRIBUTION:
City Clerk (8)

ATTACHMENTS:
Attachment 1: Key Dates and Actions
Attachment 2: Schedule of Long Term Debt of the Chico Redevelopment Agency
Attachment 3: Flow of Redevelopment Funds
Attachment 4: Property Tax Breakdown
### KEY DATES AND ACTIONS
(Revised March 29, 2012)

CAC-County Auditor Controller; DOF-Department of Finance; SCO- State Controller’s Office

<table>
<thead>
<tr>
<th>Date</th>
<th>Entity</th>
<th>Action</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1, 2012</td>
<td>Successor Agency</td>
<td>Prepare and submit initial draft of ROPS to CAC</td>
<td>34177(l)(2)(A)</td>
</tr>
<tr>
<td>April 15, 2012</td>
<td>Successor Agency</td>
<td>Submit Preliminary ROPS, approved by Oversight Board, to CAC, DOF, SCO</td>
<td>34177(l)(3), as reformed</td>
</tr>
</tbody>
</table>
| May 1, 2012    | Successor Agency | 1. Only payments listed on the Recognized Obligation Payment Schedule may be made.  
                |                                                              | 34177(a)(3) |
| May 1, 2012    | Oversight Board  | Reports chairperson and members to Dept. of Finance                                                                                     | 34179(a)  |
| May 11, 2012   | Successor Agency | Prepare and submit initial draft of ROPS to CAC, DOF                                                                                     | DOF Guidance |
| May 16, 2012   | Auditor-Controller | Transfers an amount of funds from the Redevelopment Property Tax Trust Fund to Successor Agencies for 1) debt service payments, 2) payment of Recognized Obligations, 3) Successor Agency administrative costs and 4) any remaining moneys to taxing entities as property taxes (1 of 2 payments) | 34183(a)  |
| May 16, 2012   | Auditor-Controller | Transfers an amount of funds from the Redevelopment Property Tax Trust Fund to Successor Agencies for 1) debt service payments, 2) payment of Recognized Obligations, 3) Successor Agency administrative costs and 4) any remaining moneys to taxing entities as property taxes (1 of 2 payments) | 34183(a), as reformed |
| June 1, 2012   | Successor Agency | Submit Second ROPS, approved by Oversight Board, to DOF, SCO, CAC                                                                           | DOF Guidance |
| June 1, 2012   | Auditor-Controller | Transfers an amount of funds from the Redevelopment Property Tax Trust Fund to Successor Agencies for 1) debt service payments, 2) payment of Recognized Obligations, 3) Successor Agency administrative costs and 4) any remaining moneys to taxing entities as property taxes (1 of 2 payments) | 34183(a)  |
# CHICO REDEVELOPMENT AGENCY
## SCHEDULE OF LONG-TERM DEBT

### AS OF MARCH 2012

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>AMOUNT ISSUED</th>
<th>INTEREST RATE</th>
<th>FINAL YEAR OF PAYMENT</th>
<th>REMAINING PRINCIPAL</th>
<th>REMAINING INTEREST</th>
<th>TOTAL OUTSTANDING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001 Chico Public Financing Authority Tax Allocation Revenue Bonds</td>
<td>32,060,000</td>
<td>4.00 - 5.25 %</td>
<td>FY 2023-24</td>
<td>$22,525,000</td>
<td>$7,799,067</td>
<td>$30,324,067</td>
</tr>
<tr>
<td>2005 Chico Redevelopment Agency Tax Allocation Bonds</td>
<td>68,500,000</td>
<td>3.50 - 5.00 %</td>
<td>FY 2031-32</td>
<td>$65,250,000</td>
<td>$47,618,409</td>
<td>$112,868,409</td>
</tr>
<tr>
<td>2007 Chico Redevelopment Agency Tax Allocation Refunding Bonds</td>
<td>23,405,000</td>
<td>4.00 - 4.625 %</td>
<td>FY 2024-25</td>
<td>$19,180,000</td>
<td>$7,087,559</td>
<td>$26,267,559</td>
</tr>
<tr>
<td><strong>Total Revenue Bonds</strong></td>
<td><strong>123,965,000</strong></td>
<td></td>
<td></td>
<td><strong>106,955,000</strong></td>
<td><strong>62,505,035</strong></td>
<td><strong>169,460,035</strong></td>
</tr>
</tbody>
</table>
Flow of Redevelopment Funds

Prior to Redevelopment

- Property Tax Dollars
  - Distributed 100% to Taxing Entities (per AB8 proportions)
    - Chico Unified
    - City of Chico
    - Butte County
    - Butte College
    - CARD
    - Butte Co. Schools
    - Vector Control

Under Redevelopment Law (Prior to AB1x26)

- Property Tax Dollars
  - Distributed 100% of Base Year Amounts to Taxing Entities
    - Chico Unified
    - City of Chico
    - Butte County
    - Butte College
    - CARD
    - Butte Co. Schools
    - Vector Control
  - Distributed 100% of incremental growth above Base Year to RDA
    - Pay 20% of Tax Increment to Low/Mod Housing Fund
    - Pay Debt Service on RDA Issued Bonds and/or Other Contractual Debts
    - Pay Contractual & Statutory Pass-Throughs to Taxing Entities
    - Fund Administration and “Pay as you go” Capital Projects
  - Funds Housing & Neighborhood Services Depts & related eligible Capital Projects
  - Funds eligible Capital Projects designed to increased Assessed Values within the RDA Project Areas
    - Chico Unified
    - City of Chico
    - Butte County
    - Butte College
    - CARD
    - Butte Co. Schools
    - Vector Control
Flow of Redevelopment Funds – Post AB1x26

Property Tax Dollars

Butte County Auditor-Controller's Office
"Redevelopment Property Tax Trust Fund"

Pays for Butte County Auditor-Controller Admin

Pays Pass-Through Payments to Taxing Entities

Pays Successor Agency for "Enforceable Obligations" per ROPS

Pays Successor Agency Admin Allowance (3% of Enforc. Oblig)

Listed in Order of Payment Priority (per AB1x26)

Chico Unified
City of Chico
Butte County
Butte College
CARD
Butte Co. Schools
Vector Control

- Debt Service
- Housing Projects
- Nitrate Compliance
- Bond Reporting
- Trust Interest Pmts
- Project Mgmt
- Audit

Any remaining funds are distributed to Taxing Entities
THE CITY OF CHICO
PROPERTY TAX DOLLAR BREAKDOWN

$ 0.4588  Chico Unified

$ 0.1630  Chico General Fund*

$ 0.1337  County General

$ 0.0731  Butte Community College

$ 0.0513  Welfare

$ 0.0458  Butte County Schools

$ 0.0389  Chico Area Recreation & Park District

$ 0.01527  Butte Mosquito Abatement District
$ 0.01418  Library
$ 0.00565  C14924-chicomud Drainage

$ 1.0000

ATTACHMENT 4

ATI (Annual Tax Increment) Ratios for Tax Rate Area 002-001, Excluding Redevelopment Factors & Additional Debt Service
*ERAF (Educational Revenue Augmentation Fund) general fund tax shifts are not included in tax ratio figures

Data Source: Butte County Assessor 2011/12 Annual Tax Increment Tables
Prepared On 10/26/2011 By MV
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone
Oversight Board Agenda Report
For the Successor Agency to the Chico Redevelopment Agency

Meeting Date: April 4, 2012

TO: Oversight Board

FROM: Shawn Tillman, Senior Planner (530) 896-7204 stillman@ci.chico.ca.us

RE: Approval of Successor Agency Administrative Budget

REPORT IN BRIEF:

Under AB 1x26, each successor agency to a former redevelopment agency is required to prepare an administrative budget and submit it to the oversight board for its approval. The budget covers successor agency administrative and operating costs for the period February 1, 2012 through June 30, 2012. The administrative budget is also the basis for the Administrative Cost Allowance for the successor agency, which also must be approved by the oversight board.

Recommendation:

Staff recommends that the oversight board approve the proposed administrative budget for the period February 1, 2012 through June 30, 2012, and approve the inclusion of an administrative cost allowance of $560,130 in the Recognized Obligation Payment Schedule.

BACKGROUND:

Health & Safety Code Section 34177 (j) requires each successor agency prepare a proposed administrative budget and submit it to the oversight board for its approval. The proposed administrative budget is required to include the following:

- Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.
- Proposed sources of payment for the estimated costs.
- Proposals for arrangements for administrative and operations services provided by a city or other entity.

The City of Chico elected to serve as Successor Agency and provide the staff resources for administration/operation on the expectation its costs would be reimbursed from the Administrative Cost Allocation, and this is the staffing arrangement that is proposed. The administrative budget includes staffing and operating costs of the Successor Agency including costs of oversight board meetings. Exhibit A details the proposed budget for the period February 1, 2012 through June 30, 2012, as well as the proposed budget for the period July 1, 2012 through December 31, 2012.

DISCUSSION:

The staff costs are the salary and benefits for the positions that spend dedicated time carrying out the operations of the Successor Agency. For the Successor Agency to the Chico Redevelopment Agency, this includes the Senior Planner in the City Manager’s office full time as the primary staff resource, and partial time from positions in the Finance Office, City Clerk’s office, City Attorney’s office, and the City Manager’s Office.

In addition to office and business expenses, the budget includes proportional internal service allocations for overhead items including building costs, liability insurance and information systems. It is proposed that property tax revenues deposited in the Redevelopment Property Tax Trust Fund be the source for the full amount of the estimated costs.

The Administrative Cost allowance is defined in Health & Safety Code Section 34171 (b) as follows: an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency for the 2011–12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars ($250,000) for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax.
The Administrative cost allowance is higher (5%) for 2011-2012 than in subsequent years (3%). While the wording of the statute is inconsistent, staff believes it is intended that the Administrative Cost Allowance calculation be applied to the amount of enforceable obligations to be funded by the Redevelopment Property Tax Trust Fund. Staff believes administrative costs cannot be paid from bond proceeds and there is no source other than property tax from which to pay successor agency administration and operating costs.

<table>
<thead>
<tr>
<th></th>
<th>2011-2012 (Feb-June)</th>
<th>2012-2013 (July-June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforceable Obligations</td>
<td>$11,202,600</td>
<td>$14,706,551</td>
</tr>
<tr>
<td>Administrative Cost Allowance</td>
<td>$560,130</td>
<td>$441,197</td>
</tr>
<tr>
<td>Estimated Administrative Budget</td>
<td>$553,439</td>
<td>$471,669</td>
</tr>
</tbody>
</table>

1 - To be funded by the Redevelopment Property Tax Trust Fund. The 2012-2013 amount is estimated.
2 - 5% for 2011-2012; 3% for 2012-2013.

As shown in the table above, for the remainder of 2011-2012 the total amount of enforceable obligations to be funded by the Redevelopment Property Tax Trust fund is $11,202,600. Therefore, the Administrative Cost Allowance for 2011-2012 is up to 5% of that amount, or $560,130. It is requested that the Oversight Board approve an administrative cost allocation in this amount, in the event additional staff time beyond what is currently projected in needed.

For 2012-2013, enforceable obligations are estimated to be approximately $14,700,000, with an Administrative Cost Allowance of up to 3%, or about $441,000. The proposed Successor Agency budget for 2012-2013 is currently estimated at approximately $472,000.

CONCLUSION/RECOMMENDATION:

Based on the provisions in Health & Safety Code Sections 34171 (b) and 34177 (j), staff recommends that the Oversight Board approve the proposed administrative budget for the period February 1, 2012 through June 30, 2012, and approve the inclusion of the full administrative cost allowance of $560,130 in the Recognized Obligation Payment Schedule.

Prepared by:

Shawn Timman, Senior Planner

Reviewed by:

Jennifer Hehnnessy, Finance Director

DISTRIBUTION:

City Clerk (8)

ATTACHMENTS:

Exhibit A: Administrative Budget
### Salaries & Benefits

<table>
<thead>
<tr>
<th>Office</th>
<th>FY11-12</th>
<th>FY12-13</th>
<th>Budget Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Clerk's Office</td>
<td>35,582</td>
<td>36,476</td>
<td>Clerking of Oversight Board Meetings</td>
</tr>
<tr>
<td>City Clerk (10%)</td>
<td></td>
<td></td>
<td>Oversight Board Agenda preparation</td>
</tr>
<tr>
<td>2 Admin Analysts (10%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Manager's Office</td>
<td>176,056</td>
<td>179,456</td>
<td>Staff management for Successor Agency</td>
</tr>
<tr>
<td>City Manager (5%)</td>
<td></td>
<td></td>
<td>Staff management for Successor Agency</td>
</tr>
<tr>
<td>Assistant City Manager (5%)</td>
<td></td>
<td></td>
<td>Staff management for Successor Agency</td>
</tr>
<tr>
<td>Sr. Planner (100%)</td>
<td></td>
<td></td>
<td>Staff management for Successor Agency</td>
</tr>
<tr>
<td>2 Admin Analyst II (5%)</td>
<td></td>
<td></td>
<td>Clerical support for Successor Agency</td>
</tr>
<tr>
<td>Office Assistant III (5%)</td>
<td></td>
<td></td>
<td>Clerical support for Successor Agency</td>
</tr>
<tr>
<td>City Attorney's Office</td>
<td>21,151</td>
<td>21,371</td>
<td>Legal support for Successor Agency Admin</td>
</tr>
<tr>
<td>City Attorney (5%)</td>
<td></td>
<td></td>
<td>Legal support for Successor Agency Admin</td>
</tr>
<tr>
<td>Assistant City Attorney (5%)</td>
<td></td>
<td></td>
<td>Legal support for Successor Agency Admin</td>
</tr>
<tr>
<td>Finance Office</td>
<td>105,296</td>
<td>106,345</td>
<td>Financial Management of Successor Agency</td>
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<tr>
<td>Finance Director (30%)</td>
<td></td>
<td></td>
<td>Budget, ROPS, Reconciliation</td>
</tr>
<tr>
<td>Financial Planning Manager</td>
<td></td>
<td></td>
<td>Audit Coordination</td>
</tr>
<tr>
<td>(20%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Manager (10%)</td>
<td></td>
<td></td>
<td>Debt Management, Audit Coordination</td>
</tr>
<tr>
<td>Accountant (5%)</td>
<td></td>
<td></td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>Sr. Account Clerk (5%)</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Salaries &amp; Benefits</strong></td>
<td><strong>341,085</strong></td>
<td><strong>343,648</strong></td>
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### Operating Expenditures

<table>
<thead>
<tr>
<th>Expense</th>
<th>FY11-12</th>
<th>FY12-13</th>
<th>Budget Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Expense</td>
<td>686</td>
<td>3,100</td>
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</tr>
<tr>
<td>Postage &amp; Mailing</td>
<td>183</td>
<td>200</td>
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</tr>
<tr>
<td>Business Expense</td>
<td>1,900</td>
<td>2,850</td>
<td></td>
</tr>
<tr>
<td>Memberships &amp; Dues</td>
<td>16,730</td>
<td>17,000</td>
<td>(for CRA - not sure if this will still occur)</td>
</tr>
<tr>
<td>Training</td>
<td>950</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>1,298</td>
<td>2,000</td>
<td></td>
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<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>21,747</strong></td>
<td><strong>27,150</strong></td>
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</table>

### Allocations

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<th>Allocation</th>
<th>FY11-12</th>
<th>FY12-13</th>
<th>Budget Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability Insurance</td>
<td>7,845</td>
<td>12,371</td>
<td>(estimate - 2.3% of Salaries &amp; Benefits)</td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>2,627</td>
<td>6,500</td>
<td>(estimate - based on square footage)</td>
</tr>
<tr>
<td>Information Systems</td>
<td>13,121</td>
<td>32,000</td>
<td>(estimate - based on # of computers)</td>
</tr>
<tr>
<td>Indirect Cost Allocations</td>
<td>167,014</td>
<td>50,000</td>
<td>(estimate - awaiting new Cost Allocation Plan calculation)</td>
</tr>
<tr>
<td><strong>Total Allocations</strong></td>
<td>190,607</td>
<td>100,871</td>
<td></td>
</tr>
</tbody>
</table>

### Total Annual Budget

<table>
<thead>
<tr>
<th>Total</th>
<th>FY11-12</th>
<th>FY12-13</th>
<th>Budget Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>553,439</td>
<td>471,669</td>
<td></td>
</tr>
<tr>
<td>5% of Draft ROPS</td>
<td>560,130</td>
<td>441,197</td>
<td>(estimated)</td>
</tr>
<tr>
<td>Variance</td>
<td>6,691</td>
<td>30,472</td>
<td></td>
</tr>
</tbody>
</table>
Oversight Board Agenda Report
For Successor Agency to the
Chico Redevelopment Agency

Meeting Date: April 4, 2012

TO: Oversight Board

FROM: Shawn Tillman, Senior Planner (530) 896-7204 stillman@ci.chico.ca.us

RE: Approval of Preliminary Recognized Obligation Payment Schedule

REPORT IN BRIEF:

Under the requirements of AB1x26, each Successor Agency is required to prepare a Recognized Obligation Payment Schedule (ROPS). The ROPS serves as the Successor Agency’s ongoing authority for making payments on the obligations of the former redevelopment agency. Before a ROPS becomes operative, it must among other requirements, be approved by the Oversight Board for the Successor Agency. The ROPS covers the period January 1, 2012 through June 30, 2012.

Recommendation:

Staff recommends the Oversight Board approve the preliminary Recognized Obligation Payment Schedule.

BACKGROUND:

Pursuant to Health & Safety Code Section 34171 (h), a “Recognized Obligation Payment Schedule” means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period. Based on the dates in AB 1x26 as they were reformed by the Supreme Court, every successor agency was required to prepare its first Recognized Obligation Payment Schedule by March 1, 2012 and submit it to the county Auditor-Controller.

Staff prepared and submitted a draft ROPS to the Auditor-Controller on March 1, 2012 as required. The ROPS is to take effect May 1, 2012; however, there are timing and sequencing issues in AB 1x26 with respect to this first ROPS. AB 1x26 specifies that the ROPS is to be certified by an external auditor appointed by the Auditor-Controller and then be approved by the Oversight Board. Because the Auditor-Controller will not be able to certify the ROPS on this schedule, the Department of Finance is directing that Oversight Boards should nevertheless approve the ROPS before submitting it by the April 15, 2012 deadline imposed by the reformation of dates by the Supreme Court. It is unclear at this time when the Auditor-Controller will complete its certification.

DISCUSSION:

The draft ROPS submitted on March 1, 2012, has been reviewed by the Department of Finance, which informed the Successor Agency that, in its opinion, certain items listed on the draft ROPS did not qualify as enforceable obligations and should be removed. The specific items were two different affordable housing projects, and the list of projects that were subject to public improvement agreements between the City and RDA, but were not yet under construction. These projects had been budgeted in the City’s Capital Improvement Program for several years and were intended to be funded primarily with bond proceeds from the 2005 Tax Allocation Bond issue.

Based on staff’s response objecting to the removal of these items and evidence we provided, the Department of Finance revised its opinion and no longer believes the housing projects should be removed. In its formal letter dated March 21, 2012, attached as Exhibit A, it now believes only the projects that were subject to public improvement agreements should be removed. The Department of Finance did not object to any other items on the draft ROPS.

The preliminary ROPS, attached as Exhibit B, includes all obligations for payment of debt service and direct staff costs and expenses for performance of those responsibilities; payments for Redevelopment Agency projects and contracts that were approved prior to June 28, 2011, including project management/delivery costs directly related to those projects and contracts; and the administrative cost allowance permitted by AB 1x26 for 2011-2012.
Staff has sought preliminary advice from attorney Chick Adams, Bond Counsel for the 2005 Tax Allocation Bond issue, as to the status of the bond proceeds. He points out that under the Indenture of Trust which authorized the issuance of the Bonds, monies in the Project Fund (bond proceeds) are only permitted to be used to pay project costs. He believes the Indenture of Trust may prohibit bond proceeds to be used to redeem or defease bonds unless and until underlying projects have been completed. Therefore, the ROPS includes a line item for the amount of bond proceeds remaining unspent from the 2005 Tax Allocation Bond issue as an enforceable obligation under the Indenture of Trust. The preliminary ROPS also corrects a clerical error, corrects the payment source for certain obligations, and reclassifies amounts due for project management delivery to the appropriate payee (City of Chico).

Once approved by the Oversight Board, the ROPS will be forwarded to the County Auditor-Controller, the Department of Finance and the State Controller’s Office, and will be posted on the Successor Agency’s website. The Department of Finance is required to notify the Successor Agency within three days whether they intend to review the Oversight Board’s action.

CONCLUSION/RECOMMENDATION:

Pursuant to Health & Safety Code Sections 34180 (g), staff recommends that the Oversight Board approve the preliminary ROPS for the period January 1, 2012 through June 30, 2012.

Prepared by:  
Shawn Tillman, Senior Planner

Reviewed by:  
Jennifer Hennessey, Finance Director

DISTRIBUTION:

City Clerk (8)

ATTACHMENTS:

Exhibit A: Department of Finance Letter Dated March 21, 2012
Exhibit B: Preliminary Recognized Obligation Payment Schedule
March 21, 2012

Jennifer Hennessy, Treasurer
Chico Redevelopment Agency
PO Box 3420
Chico, CA 95927

Dear Ms. Hennessy:

On March 1, 2012, pursuant to Health and Safety Code (HSC) section 34169 (g) (1), the City of Chico Redevelopment Agency, for which you are now the Successor, submitted an adopted draft Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance). Finance staff recently contacted you to get further clarification for items listed in the ROPS.

HSC section 34171 (d) lists obligations considered enforceable. Based on our interpretation of the law the following items do not qualify as Enforceable Obligations.

- Items 1 through 23, page 2 of 2, contracts with the city, totaling $7,133,425. HSC section 34171 (b) (2) states that agreements, contracts, or arrangements between the city and the redevelopment agency (RDA) and the former RDA are not enforceable.

Should these items be on the Recognized Obligation Payment Schedule adopted by your Oversight Board, we will return the ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an Enforceable Obligation.

Please direct any inquiries to Kylie Le, Lead Analyst at (916) 322-2985 or Kylie.Le@dof.ca.gov.

Sincerely,

[Signature]

MARK HILL
Program Budget Manager
## RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177
As of April 4, 2012

<table>
<thead>
<tr>
<th>Project Name / Debt Obligation</th>
<th>Payee</th>
<th>Description</th>
<th>Total Outstanding Debt or Obligation</th>
<th>Total Due During Fiscal Year</th>
<th>Payment by Month Jan through June 2012</th>
<th>Payment Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) 2006 Tax Allocation Revenue Bonds</td>
<td>Union Bank of California</td>
<td>Debt Service (principal and interest)</td>
<td>$30,324,065.99</td>
<td>$2,288,036.26</td>
<td>$1,729,018.13</td>
<td>$1,729,018.13</td>
</tr>
<tr>
<td>2) 2005 Tax Allocation Bonds</td>
<td>Union Bank of California</td>
<td>Debt Service (principal and interest)</td>
<td>$112,886,408.79</td>
<td>$4,077,077.50</td>
<td>$2,516,038.75</td>
<td>$2,516,038.75</td>
</tr>
<tr>
<td>3) 2007 Tax Allocation Bonds</td>
<td>Union Bank of California</td>
<td>Debt Service (principal and interest)</td>
<td>$26,267,539.44</td>
<td>$1,929,293.76</td>
<td>$1,509,644.88</td>
<td>$1,509,644.88</td>
</tr>
<tr>
<td>4) Debt Service Reserve Fund</td>
<td>City of Chico</td>
<td>Debt Service</td>
<td>$2,520,803.76</td>
<td>$2,520,803.76</td>
<td>$2,520,803.76</td>
<td>$2,520,803.76</td>
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<tr>
<td>5) Continuing Disclosure for Bonds</td>
<td>TBD</td>
<td>Obligations Pursuant to Bond Indentures</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td>$5,000.00</td>
</tr>
<tr>
<td>6) Arbitrage Rebate Calculation</td>
<td>Willow</td>
<td>Professional Services</td>
<td></td>
<td>$2,500.00</td>
<td></td>
<td>$2,500.00</td>
</tr>
<tr>
<td>7) Financial Transactions Report (GC 35891)</td>
<td>TBD</td>
<td>Statutory Reporting Obligation</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td>$5,000.00</td>
</tr>
<tr>
<td>8) Successor Agency Audit &amp; H&amp;S 33080.3</td>
<td>TBD</td>
<td>Statutory Reporting Obligation</td>
<td></td>
<td>$20,000.00</td>
<td></td>
<td>$20,000.00</td>
</tr>
<tr>
<td>9) Annual Report Prep (H&amp;S 33080)</td>
<td>TBD</td>
<td>Statutory Reporting Obligation</td>
<td></td>
<td>$5,000.00</td>
<td></td>
<td>$5,000.00</td>
</tr>
<tr>
<td>10) Nitrate Compliance Loan</td>
<td>Chico Urban Area JPPA</td>
<td>State Revolving Loan Repayment</td>
<td>$49,400,000.00</td>
<td>$1,900,000.00</td>
<td>$9,120,000</td>
<td>$9,120,000</td>
</tr>
<tr>
<td>11) Revenue Pledge-HRBD Unit</td>
<td>CA Regional Water Quality Control Monitoring Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12) Revenue Pledge-Fogarty Unit</td>
<td>CA Regional Water Quality Control Monitoring Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13) Fogarty Trust Agreement</td>
<td>Union Bank</td>
<td>Fogarty Trust Interest Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14) Harvest Park Apartments</td>
<td>Central California Housing Corp.</td>
<td>Low income housing loan</td>
<td>$8,584,686.00</td>
<td>$2,252,136.06</td>
<td>$1,854,314.68</td>
<td>$1,854,314.68</td>
</tr>
<tr>
<td>15) North Point Apartments</td>
<td>CAA of Butte County</td>
<td>Low income housing loan</td>
<td>$4,799,990.00</td>
<td>$2,561,501.00</td>
<td>$44,192.00</td>
<td>$394,069.29</td>
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<tr>
<td>16) Habitat 16th Street</td>
<td>Habitat for Humanity of Butte County</td>
<td>Low income housing loan</td>
<td>$120,697.00</td>
<td>$120,697.00</td>
<td>$29,021.40</td>
<td>$91,675.60</td>
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<tr>
<td>17) Bidwell Park Apartments</td>
<td>Chico Biwell Associates, L.P.</td>
<td>Low income housing loan</td>
<td>$2,392,594.00</td>
<td>$2,060,218.00</td>
<td>$157,447.32</td>
<td>$352,608.32</td>
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<tr>
<td>18) Bidwell Park Apartments</td>
<td>Chico Enterprise Record</td>
<td>Public notice</td>
<td></td>
<td>300.00</td>
<td></td>
<td>300.00</td>
</tr>
<tr>
<td>19) Catalyst Transitional Housing</td>
<td>Catalyst Domestic Violence Services</td>
<td></td>
<td></td>
<td>105,814.00</td>
<td>105,821.00</td>
<td>74.00</td>
</tr>
<tr>
<td>20) Parkside Terrace</td>
<td>Chico Parkside Terrace, L.P.</td>
<td>Low income housing loan</td>
<td>$27,770.00</td>
<td>$27,770.00</td>
<td>$6,942.50</td>
<td>$6,942.50</td>
</tr>
<tr>
<td>21) DeYoung Foreclosure</td>
<td>Various</td>
<td>2006 MSP Loan Default Remedy</td>
<td>$16,470.00</td>
<td>$16,470.00</td>
<td>$1,092.00</td>
<td>$3,073.60</td>
</tr>
<tr>
<td>22) Housing Portfolio Oversight</td>
<td>City of Chico</td>
<td>Monitoring of Affordability Covenants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23) Wisconsin &amp; Boucher</td>
<td>Northstar Engineering</td>
<td>Record of Survey Map</td>
<td>$10,851.00</td>
<td>$10,851.00</td>
<td>$300.00</td>
<td>$2,110.20</td>
</tr>
<tr>
<td>24) Admin. Cost Allowance (FY 11-12)</td>
<td>Successor Agency</td>
<td>Admin Cost Allowance from 2011-2012</td>
<td>$560,130.01</td>
<td>$560,130.01</td>
<td>$93,355.00</td>
<td>$93,355.00</td>
</tr>
<tr>
<td>25) Project Management/Construction</td>
<td>City of Chico</td>
<td>Housing Project Management/Construction</td>
<td>$522,524.68</td>
<td>$80,449.85</td>
<td>$80,449.85</td>
<td>$80,449.85</td>
</tr>
<tr>
<td>26) Unspent Bond Proceeds</td>
<td>TBD</td>
<td>2006 Tax Allocation Bond Proceeds</td>
<td>$5,900,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Grand Total-All Obligations: $242,314,258.23 $21,173,039.41 $327,168.74 $1,141,916.96 $979,508.83 $6,599,638.30 $1,334,969.86 $9,607,562.65 $21,980,763.31

Amount to be funded from Redevelopment Property Tax Trust Fund: $189,621.74 $642,322.67 $492,084.54 $6,206,563.33 $451,859.57 $3,220,138.33 $11,203,600.18

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1. **PAYMENT SOURCES:**
   - A: Low and Moderate Income Housing Fund (B) Bond proceeds (C) Reserve balances (D) Administrative cost allowance (E) Redevelopment Property Tax Trust Fund (F) Unencumbered Funds Balance as of 02/01/12.
   - Amounts shown in June are reserved to make debt service payments that are due between July and December 2012.
   - Amounts 5 and 6 will be reimbursed annually until such time as bonds are completely defeased; Items 7, 8 and 9 will be reimbursed annually until such time as all enforceable obligations are completely fulfilled.
   - This payment is required pursuant to a settlement agreement between the City of Chico, the Chico Redevelopment Agency and Fogarty et. al., in which the Agency is obligated to deposit a specified amount of money in a trust fund for the benefit of Fogarty to be used for the construction of specified public improvements. The principal amount of the settlement has been fully funded. However, as part of that agreement, the Agency guaranteed that the trust funds would earn 2% per annum. In the event the trust does not earn that amount, the Agency must deposit an amount between the actual interest earned and 2%. The bond funds available are proceeds from a tax-exempt bond sale in 2005. The bonds were issued for the specified purpose of paying for the construction of road, infrastructure and public improvements. Under the Indenture of Trust which authorized the issuance of the bonds, bond proceeds are only permitted to be used to pay project costs. The disposition of the remaining unexpended bond funds is subject to approval by the Oversight Board. The amount noted is an estimate, pending the final reconciliation of payments from the fund.
Oversight Board
Successor Agency to the Chico Redevelopment Agency
March 21, 2012 Minutes

Board present:
Chair Scott Gruendl
Vice Chair Trevor Stewart
Kevin Bultema
Dave Burkland
Steve Visconti
Larry Wahl

Staff present:
Senior Planner Tillman
City Clerk Presson
Finance Director Hennessy
Administrative Analyst Brinkley

REGULAR AGENDA

A. Roll Call - Shawn Tillman, Senior Planner, City of Chico, called the meeting to order. The Board Appointees introduced themselves and the agency they represent.

B. Overview of Local Agency Rules - (Report - City of Chico City Clerk, Debbie Presson)
   1. The Brown Act
   2. California Public Records Act
   3. Statement of Economic Interests - Form 700

   City Clerk Presson advised the Board that the Oversight Board is subject to the Brown Act and the California Public Records Act. The Legislation is unclear if the Board Members are required to file a Statement of Economic Interests - Form 700, however the Successor Agency is requesting full disclosure until it's clarified by filing the Assuming Office statement.

C. Overview of Redevelopment and AB 26 Legislation - (Report - City of Chico Senior Planner, Shawn Tillman)

   Senior Planner Tillman provided a history of the Chico Redevelopment Agency. He explained that AB26 creates the Successor Agency and an Oversight Board is appointed to oversee the Successor Agency. The Board is to ensure that enforceable obligations are met and funds properly distributed. The legislation also establishes roles for the Butte County Auditor-Controller, Department of Finance (DOF) and the State Controller’s Office.

   AB 26 also requires that any payments of the Successor Agency be identified on the Recognized Obligation Payment Schedule (ROPS). Once the ROPS is adopted by this Board and becomes operative, it supercedes the Enforceable Obligation Payment Schedule (EOPS) and becomes the Agency’s authority to continue making payments.

D. Oversight Board Responsibilities - (Report - City of Chico Senior Planner, Shawn Tillman)

   Tillman reviewed Section 34179 of the California Health & Safety Code, which is the basis for the role and responsibilities of the Oversight Board and provided an overview of some of the commonly used terms the Board will need to become familiar with.

   The legislation requires that the Oversight Board dispose of the Successor Agency’s assets in an expeditious manner at a maximum value. However the DOF does not expect a fire sale of assets and the Oversight Board can direct that the Agency hold onto the assets until there is a gain in value.

   The former Redevelopment Agency in March 2011 transferred some assets to the City in anticipation of pending legislation. AB 26 requires these assets to be transferred back to the Successor Agency, which is the City of Chico.

   The work of this Oversight Board will be complete in 2016, at which time one Oversight Board will be established for the entire County until all obligations are met.

Item G
Board Member Visconti asked if the DOF can overturn decisions made by the Oversight Board.

Tillman explained that the DOF has the opportunity to review and consider the decisions of the Board. However this Board will be making the decisions for the local area, as they know best the needs of the area.

Board Member Stewart inquired if bond refunding has been considered, does the Board have the ability to refund the bonds at a savings to the taxpayers.

Tillman stated the initial answer is no, but it is still not clear.

Board Member Stewart requested a list of the assets that were transferred.

E. **Upcoming Agenda**

Tillman reported that at the next meeting of the Oversight Board on April 4, 2012, the Board will be asked to review and approve the administrative budget for the Successor Agency. Once the budget is approved, it will become a line item on the ROPS. The Board will then be asked to review and approve the ROPS.

Tillman reported that the next two meetings of the Oversight Board are scheduled for April 4, 2012 and April 18, 2012. After that, the Board will only meet twice a year to review and approve the ROPS or more often if the need arises.

F. **Nominations and Appointment of Board Chair and Vice Chair**

Nomination was made by Board Member Visconti and seconded by Board Member Stewart to nominate Board Member Gruendl to serve as Chair of the Oversight Board. Board Member Wahl requested the nominations be closed.

Vote carried 6-0, with 1 Board position yet to be appointed.

Nomination was made by Board Member Wahl and seconded by Board Member Bultema to nominate Board Member Stewart to serve as Vice Chair of the Oversight Board. Board Member Wahl requested the nominations be closed.

Vote carried 6-0, with 1 Board position yet to be appointed.

G. **Reports and Communications** - None.

H. **Business from the Floor** - Members of the public may address the Board at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Board cannot take any action at this meeting on requests made under this section of the agenda.

Linda Hamilton requested that the final Board appointee be a female.

Chari Gruendl advised that the Board of Supervisors will be making the final appointment.

Board Member Wahl replied that the request has been noted.

I. **Adjournment and Next Meeting** - The meeting adjourned at 10:22 a.m. to the next Oversight Board meeting scheduled for Wednesday, April 4, 2012, at 9:00 a.m. in Conference Room No. 1.

________________________________________  __________________________________
Date Approved                          Dani Brinkley, Administrative Analyst