

City of Brisbane as Successor Agency

Agenda Report

To: City Council via City Manager

From: Financial Services Director

Subject: Recognized Obligation Payment Schedule for January through June 2013

Date: July 23, 2012

Purpose:

To ensure the Successor Agency receives enough funds to make its required payments including bond payments and administrative costs.

Recommendation:

Adopt the January through June 2013 ROPS (Recognized Obligation Payment Schedule)

Background:

The State of California adopted ABx 1 26 on June 28, 2011 and the California Supreme Court upheld that law on December 28, 2011, effectively dissolving all Redevelopment Agencies in the state as of January 31, 2012. This law requires that recognized obligations be approved by the Successor Agency and by the Oversight Board bi-annually. The ROPS for January through June 2013 is due by September 1, 2012.

The Successor Agency adopted its first ROPS for the period January through June 2012, on February 21, 2012. The ROPS was reviewed and commented upon by auditors hired by the County. The auditors commented given the current law there was not a clear indication that the loans between the RDA and the City should be repaid or the loan between the RDA and the Low/Mod Housing Fund. The Oversight Board reviewed the ROPS and the County Auditor's comments and concluded that the obligations in fact did exist between these entities and the RDA but current law did not provide for their repayment. The Oversight Board decided to leave the obligations on the ROPS but to not provide for repayment until such time as the law changes. The State Legislature passed AB1484, Redevelopment Dissolution/Unwind Trailer Bill, on June 27, 2012. It changes some of the requirements, adds a section on affordable housing, and institutes a timeline with penalties if not met. Additionally, it will allow consideration of the loans between the City and the Agency once the new requirements have been met.

The Successor Agency returned the tax increment paid to us in December 2011 and processed the January through June 2012 debt service with existing cash. This included cash that was transferred from the Low & Moderate Income Housing Fund as directed by ABx 1 26. AB1484 is requiring a new procedure for reviewing the available cash assets of the Dissolved RDA (the Review) by a licensed accountant with experience and expertise in local government accounting. Once this is done and all non-encumbered cash is returned to the county for distribution to the underlying taxing entities, the Department of Finance will issue a finding of completion.

Discussion:

Our ROPS is primarily the debt service payments due on the 1998 Housing Bonds, the 2001A Refunding bonds and a portion of the 2005 Lease Revenue bonds that refinanced the 1995 COPs. By law, the Successor Agency is entitled to a minimum administration fee of \$250,000 per year.

Fiscal Impact:


This is how we can access property tax (formerly tax increment) to pay for the bonds issued for redevelopment. Without the ROPS, we will not receive any funding.

Attachments:

Recognized Obligation Payment Schedule for January through June 2013.



Betsy Cooper,
Financial Services Manager



Clay Holstine,
City Manager