Oversight Board

RESOLUTION NO. 1-2014
Adopted February 24, 2014

ADOPTION OF A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2014 TO DECEMBER 31, 2014 (ROPS 14-15A), INCLUDING THE ADMINISTRATIVE BUDGET FOR THE SUCCESSOR AGENCY, AND SUPPORTING DOCUMENTATION

WHEREAS, Under Assembly Bill No. X1 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, the Redevelopment Agency of the City and County of San Francisco (the "SFRA"), together with all other redevelopment agencies in the State of California, dissolved by operation of law on February 1, 2012; and,

WHEREAS, In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State's budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("AB 1484"), and the Governor signed that bill on June 27, 2012. Hereinafter, AB 26, as amended by AB 1484, and as further amended from time to time, is referred to as the "Redevelopment Dissolution Law" or the "Law;" and,

WHEREAS, The Redevelopment Dissolution Law established oversight boards, which are different from the local legislative bodies and which will oversee the fiscal management of future successor agency activities regarding enforceable obligations. In performing their functions required under the Redevelopment Dissolution Law, the oversight boards owe fiduciary responsibilities to the holders of enforceable obligations and the taxing entities entitled to the distribution of property tax revenues under the Law. Some actions by the oversight boards and successor agencies are also subject to discretionary review by the State Department of Finance and the State Controller under the Redevelopment Dissolution Law; and,

WHEREAS, The Mayor (with confirmation by the Board of Supervisors) and the taxing entities have appointed members to the oversight board of the City and County of San Francisco (the “Oversight Board”); and,

WHEREAS, The Redevelopment Dissolution Law requires successor agencies to make payments due for enforceable obligations and to perform obligations required pursuant to an enforceable obligation. Cal. Health & Safety Code § 34177 (a) and (c). In addition, the Law authorizes successor agencies to create new enforceable obligations if they are “in compliance with an enforceable obligation that existed prior to June 28, 2011.” Cal Health & Safety Code § 34177.3 (a). The Law, however, authorizes payments under an enforceable obligation only if the expenditure appears on a Recognized Obligation Payment Schedules ("ROPS") that the Oversight Board and the Department of Finance have approved for each
six-month period (January-June, July-December), beginning January 1, 2012. Each ROPS must state the minimum payment amounts and due dates for payments required by enforceable obligations for each six-month fiscal period. Only those payments listed on the ROPS may be made by the successor agency from funds specified in the ROPS; and,

WHEREAS, The Redevelopment Dissolution Law defines an "enforceable obligation" as meaning any of the following: (a) bonds, including debt service, reserve set-asides and related required payments; (b) loans of money borrowed by the former SFRA, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan term; (c) certain payment obligations; (d) obligations imposed by State law; (e) legal judgments and settlements (other than pass-through payments); (f) legally binding and enforceable agreements and contracts, such as construction contracts, personal services contracts, owner participation agreements, and disposition and development agreements; (g) contracts and agreements necessary for the administration and operation of the successor agency, such as agreements to purchase or rent office space, equipment and supplies, and for carrying insurance; and (h) amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund, provided the repayment schedule is approved by the oversight board (Cal. Health & Safety Code §34171); and,

WHEREAS, For each recognized obligation, the Redevelopment Dissolution Law and guidance from the Department of Finance ("DOF") require the ROPS to identify one or more of the following payment sources: (1) bond proceeds; (2) reserve balances; (3) "administrative cost allowance;" (4) the Redevelopment Property Tax Trust Fund (created by the City Controller for property tax revenues (former increment)) when no other funding source is available or when payment from property tax revenues is required by an enforceable obligation; and (5) other revenue sources as approved by the oversight board (Cal. Health & Safety Code §34177(l)(1)); and,

WHEREAS, Redevelopment Dissolution Law authorizes successor agencies to enter into certain new contracts if the Department of Finance has issued a Finding of Completion. A successor agency may expend bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations if it separately lists the “excess bond proceeds obligations” on the ROPS and uses the excess proceeds in a manner consistent with the original bond covenants. Cal. Health & Safety Code § 34191.4(c)(2)(A). The Successor Agency received a Finding of Completion on May 29, 2013; and the Oversight Board by Resolution No. 5-2012 and DOF approved the ROPS for January 1, 2012 to June 30, 2012; and,

WHEREAS, The Law also authorizes a successor agency, with Oversight Board approval, to enter into an agreement with the city or county that formed the successor agency (Cal. Health & Safety Code § 34180(h)); and,

proceeds be used to finance certain redevelopment activities in the South of Market Point Redevelopment Project Area. The Successor Agency has determined that there are excess proceeds from these issuances (“SOM Excess Proceeds”) and is now requesting through ROPS 14-15A the approval of the Oversight Board to expend $591,000 of the SOM Excess Proceeds to provide funding to the City for eligible expenditures consistent with bond covenants which require expenditures for tax-exempt projects in the South of Market Redevelopment Project Area, and which may include streetscape, pedestrian safety, open space, or alleyway improvements (Item # 384); and,

WHEREAS, The Western Addition A-2 Series 1991A, 1992A, 1994A, 1995A and 1998A Tax Exempt Bond Issuances require that the bond proceeds be used to finance certain redevelopment activities in the Western Addition A-2 Redevelopment Project Area. The Successor Agency has determined that there are excess proceeds from these issuances (“WA-A2 Excess Proceeds”) and is now requesting through ROPS 14-15A the approval of the Oversight Board to expend $83,000 of the WA-A2 Excess Proceeds to provide funding to the City for eligible expenditures consistent with bond covenants, which require expenditures for tax-exempt in the Western Addition A-2 Redevelopment Project Area, and which may include façade, community center, and cultural center improvements (Item # 385); and,

WHEREAS, The Bayview Hunters Point Series 1996B, 1998A, 2009B, 2009F Tax Exempt Bond Issuances require that the bond proceeds be used to finance certain redevelopment activities in the Bayview Hunters Point Redevelopment Project Area. The Successor Agency has determined that there are excess proceeds from these issuances (“BVHP Excess Proceeds”) and is now requesting through ROPS 14-15A the approval of the Oversight Board to expend $434,000 of the BVHP Excess Proceeds to provide funding to the City for eligible expenditures consistent with bond covenants which require expenditures for tax-exempt in the Bayview Hunters Point Redevelopment Project Area, and which may include streetscape, façade, and health center improvements (Item # 386); and,

WHEREAS, AB 1484 requires the submittal of an Oversight Board approved ROPS no fewer than 90 days before the date of the next property tax distribution; therefore the deadline for submitting the ROPS for July 1, 2014 to December 31, 2015 is March 2, 2014; and,

WHEREAS, The ROPS for the period July 1, 2014 to December 31, 2014 is attached to this resolution as Exhibit A, and fully incorporated in this resolution (“ROPS 14-15A”); and,

WHEREAS, Ongoing projects of the Successor Agency include the implementation of three major approved development projects consistent with the integrated set of enforceable obligations governing them: (1) the Mission Bay North and the Mission Bay South Project Areas (collectively "Mission Bay"), (2) Phases One and Two of the Hunters Point Shipyard Project Area and Zone 1 of the Bayview Hunters Point Project Area (collectively, "Hunters Point Shipyard/Candlestick Point"), and (3) certain parts of the Transbay Transit Center Project Area, including Zone 1 ("Transbay"). (Mission Bay, Hunters Point
WHEREAS, On December 14, 2012 DOF made a Final and Conclusive Determination approving the Hunters Point Shipyard/Candlestick Point enforceable obligations; on April 15, 2013 DOF made a Final and Conclusive Determination approving the Transbay Transit Center Redevelopment Project enforceable obligations; and on January 24, 2014 DOF made a Final and Conclusive Determination approving the Mission Bay North and South Redevelopment Project enforceable obligations; and,

WHEREAS, The Successor Agency has enforceable obligations relating to the wind down of redevelopment activities in all other former and existing redevelopment project areas of the former Redevelopment Agency of the City and County of San Francisco (the “Wind Down Obligations”); and,

WHEREAS, The Successor Agency has affordable housing obligations in the Major Approved Development Projects and in the other former and existing redevelopment project areas that qualify as an “enforceable obligation” as described above and in the Redevelopment Dissolution Law, including legally binding and enforceable agreements; obligations imposed by state law; amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund, provided the repayment schedule is approved by the Oversight Board; and obligations imposed by bond covenants (Cal. Health & Safety Code §34171(d)(1)); and,

WHEREAS, Narratives summarizing the Major Approved Development Projects and describing all of the enforceable obligations for each of the Major Approved Development Projects are attached to Oversight Board Resolution No. 5-2012 (adopted April 10, 2012) as Exhibit B, and fully incorporated in that resolution (the "Major Approved Development Projects Summaries"). The Oversight Board approved the Major Approved Development Projects Summaries by Resolution 5-2012; and,

WHEREAS, A narrative describing the Long Term Affordable Housing Enforceable Obligations is attached to Oversight Board Resolution No. 5-2012 as Exhibit C, and fully incorporated in that resolution (the "Housing Obligations Summary"). The Oversight Board approved the Housing Obligations Summary by Resolution No. 5-2012; and,

WHEREAS, Having determined the validity of the ROPS 14-15A, the Successor Agency staff recommend that the Oversight Board approve ROPS 14-15A and authorize its submission to the State Controller and Department of Finance in accordance with AB 1484; now, therefore, be it

RESOLVED, That this Oversight Board approves ROPS 14-15A, including the Administrative Budget for the Successor Agency required by California Health & Safety Code §34177(j), the line items for the Major Approved Development Projects, the Long Term Affordable Housing Enforceable Obligations, and Wind Down Obligations, for the period July – December 2013 inclusive, and directs the Executive Director or her designee to take such actions as may be necessary to submit the ROPS 14-15A to the City Controller, Department of Finance, and State Controller, post ROPS 14-15A on the internet website of the Oversight Board, and to take any other actions appropriate to comply with the Redevelopment Dissolution Law’s requirements relating to the ROPS; and, be it, further

RESOLVED, That this Oversight Board authorizes the Successor Agency to take such actions as may be necessary or appropriate, in consultation with the City Attorney as
counsel to the Oversight Board, to effectuate the purpose and intent of this resolution and to comply with the Redevelopment Dissolution Law, and ratifies and confirms any prior actions taken by Successor Agency and City officials consistent with this resolution.

Exhibit A: ROPS 14-15A
A-1: Summary
A-2: ROPS Detail
A-3: Report of Cash Balances
A-4: Report of Prior Period Adjustments
A-5: Notes

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of February 24, 2014.

Natasha Jones
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Board Secretary