

AGENDA ITEM NO. 2.a.

**The City of Garden Grove as Successor Agency to the
Garden Grove Agency for Community Development**

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal From: Kingsley Okereke

Dept: Director Dept: Finance

Subject: ADOPTION OF A RESOLUTION
APPROVING THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE
(ROPS) AND ADMINISTRATIVE
BUDGET FOR THE PERIOD JANUARY 1,
2015 – JUNE 30, 2015 Date: September 23, 2014

OBJECTIVE

The purpose of this report is to request that The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") adopt a Resolution approving the Recognized Obligation Payment Schedule ("ROPS"), and the Administrative Budget pursuant to Section 34177 of the Health and Safety Code, and transmit said ROPS and Administrative Budget to the Oversight Board for approval.

BACKGROUND/ANALYSIS

Staff has prepared for the Successor Agency's consideration and approval, the ROPS and Administrative Budget for the period covering January 1, 2015 through June 30, 2015 (attached). The attached Successor Agency Resolution approves the ROPS and Administrative Budget, and authorizes their transmittal to the Oversight Board, the County Auditor-Controller, the Department of Finance, and the State Controller's Office.

FINANCIAL IMPACT

None.

RECOMMENDATION

It is recommended that the Successor Agency:

- Adopt a Resolution approving the Recognized Obligation Payment Schedule and Administrative Budget pursuant to Section 34177 of the Health and Safety Code; and
- Transmit the approved ROPS and Administrative Budget to the Oversight Board for approval.


KINGSLEY OKEREKE
Finance Director

By: Jim DellaLonga
Senior Project Manager

Recommended for Approval


Matthew J. Fertal
Director

Attachment 1: Successor Agency Resolution
Attachment 2: Recognized Obligation Payment Schedule
Attachment 3: 2014-15 Administrative Budget

A RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF GARDEN GROVE AS
SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY
FOR COMMUNITY DEVELOPMENT APPROVING A
RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND
ADMINISTRATIVE BUDGET; AND AUTHORIZING CERTAIN
OTHER ACTIONS PURSUANT TO HEALTH & SAFETY
CODE SECTION 34177**

WHEREAS, the Garden Grove Agency for Community Development ("Former Agency") was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000 *et seq.* ("CRL"), and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action by the City Council ("City Council") of the City of Garden Grove ("City"); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws mandate the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby ("Supreme Court Decision"); and

WHEREAS, Assembly Bill 1484 ("AB 1484") enacted on June 27, 2012, made certain amendments to the Dissolution Act, including with respect to the process for adopting Recognized Obligation Payment Schedules; and

WHEREAS, the Former Agency is now a dissolved community redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by a Resolution considered and approved by the City Council at an open public meeting the City chose to become and serve as the Successor Agency to the dissolved Former Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves as the Successor Agency performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Former Agency and otherwise unwind the Former Agency's affairs, all subject to the review and approval by a seven-member Oversight Board formed thereunder; and

WHEREAS, under Part 1.8 of the Dissolution Act, the Former Agency prior to its dissolution adopted an original and an amended Enforceable Obligation Payment Schedule ("EOPS") and authorized the Director and/or Finance Director or their authorized designee to augment or modify the EOPS to the City (in its capacity as Successor Agency) and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office; and

WHEREAS, under Part 1.8 of the Dissolution Act, the Former Agency prior to its dissolution adopted an Initial Recognized Obligation Payment Schedule ("IROPS") and authorized the Director and/or Finance Director or their authorized designees to augment or modify the IROPS to the City (in its capacity as Successor Agency) and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office; and

WHEREAS, pursuant to Section 34171(h) of the Dissolution Act, 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 as provided in subdivisions (l) and (m) of Section 34177; and

WHEREAS, pursuant to subdivisions (l) and (m) of Section 34177 of the Dissolution Act, the Successor Agency has prepared its Recognized Obligation Payment Schedule ("ROPS") for the period covering January 1, 2015 through June 30, 2015, in the form attached to this Resolution as Attachment No. 1 and incorporated herein by this reference; and

WHEREAS, pursuant to subdivision (j) of Section 34177 of the Dissolution Act, the Successor Agency has prepared its Administrative Budget for the period covering January 1, 2015, through June 30, 2015, ("Administrative Budget 14-15B"), in the form attached to this Resolution as Attachment No. 2 and incorporated herein by this reference; and

WHEREAS, by this Resolution, pursuant to Section 34177(l)(2)(B) of the Dissolution Act, as amended by AB 1484, the City serving as and on behalf of the Successor Agency, approves the ROPS and the Administrative Budget and authorizes the transmittal of the ROPS and the Administrative Budget to the Oversight Board and concurrently to the County Administrative Officer, the County Auditor-Controller, and the State Department of Finance; and

WHEREAS, pursuant to Section 34177(l)(2)(C) of the Dissolution Act, a copy of the ROPS, upon approval by the Oversight Board, is submitted to the State Controller's Office and the Department of Finance and is to be posted on the Successor Agency's Internet Web site.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF GARDEN GROVE AS THE SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part hereof.

Section 2. The ROPS and the Administrative Budget are approved together with such augmentation, modification, additions or revisions as the Director and/or the Finance Director or their authorized designees may make thereto.

Section 3. The Director or his authorized designees on behalf of the Successor Agency shall cause the ROPS and the Administrative Budget to be transmitted to the Oversight Board and to be transmitted to the County Auditor-Controller, the State

Controller's Office, and the Department of Finance; further, upon approval by the Oversight Board, the Director or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be posted on the Successor Agency's website.

Section 4. This Resolution shall be effective immediately upon adoption.

Section 5. The Secretary on behalf of the Successor Agency shall certify to the adoption of this Resolution.

ATTACHMENT NO. 1

(attach ROPS)

ATTACHMENT NO. 2

(attach Administrative Budget)

Recognized Obligation Payment Schedule (ROPS 14-15B) - Summary

Filed for the January 1, 2015 through June 30, 2015 Period

Name of Successor Agency:	Garden Grove
Name of County:	Orange

Current Period Requested Funding for Outstanding Debt or Obligation

	Six-Month Total
A Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF)	<u>\$ 3,580,789</u>
B Bond Proceeds Funding (ROPS Detail)	
C Reserve Balance Funding (ROPS Detail)	3,580,789
D Other Funding (ROPS Detail)	
E Enforceable Obligations Funded with RPTTF Funding (F+G):	<u>\$ 11,599,360</u>
F Non-Administrative Costs (ROPS Detail)	11,261,515
G Administrative Costs (ROPS Detail)	337,845
H Current Period Enforceable Obligations (A+E):	<u>\$ 15,180,149</u>

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

I Enforceable Obligations funded with RPTTF (E):	11,599,360
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	<u>(350,714)</u>
K Adjusted Current Period RPTTF Requested Funding (I-J)	<u>\$ 11,208,646</u>

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

L Enforceable Obligations funded with RPTTF (E):	11,599,360
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	<u>(350,714)</u>
N Adjusted Current Period RPTTF Requested Funding (L-M)	<u>\$ 11,208,646</u>

Certification of Oversight Board Chairman.
 Pursuant to Section 34177 (m) 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.

Name	/s/
Title	Signature
Date	

Recognized Obligation Payment Schedule (ROPS 14-15B) - ROPS Detail
 January 1, 2015 through June 30, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payer	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	\$	Retired	Bond Proceeds	Revere	Other Funds	Funding Source	
								177,653,008						Non-Renewal Property Tax Trust Fund (Non-RPTTF)	RPTTF
1	2003 Tel Adarion Bonds	Bonds Issued On	6/27/2003	Bank of New York Mellon	Land Acquisition & Public	C.P.A.	Y							Admin	Six-Month Total
2	14 Ryan Agency DPA	9/7/2018	CPA LLC (Performance Based)	Cost of Project Improvements	C.P.A.		176,181,341	N						\$ 11,281,515	\$ 15,160,446
3	Residence Inn DDA	1/21/2030	ESG, LLC (Performance Based)	Cost of Project Improvements	C.P.A.		5,631,650	N						505,548	68,500
4	Sheraton Hotel DDA	8/1/2015	Kan Sano Inc. (Performance Based)	Cost of Project Improvements	C.P.A.		150,000	N						100,000	67,500
5	OfficeMax Com Rebate Agent	6/20/2016	OfficeMax (Performance Based)	Commercial Rehabilitation (Quantity)	C.P.A.		501,000	N						116,427	-
6	Katella Cordages CPA	10/1/2027	Heritage Village Note Investors (Performance Based)	Land Acquisition and Project Improvements	C.P.A.		3,105,342	N						300,000	-
7	Katella Collages Note	10/1/2027	U.S. Bank	Land Acquisition and Project Improvements	C.P.A.		2,450,200	N						48,000	-
8	Augustine Notes	1/6/2010	Abbastura, Tost, Easton Community Corp District	Office Space Rent (Payments in Aug and Feb)	C.P.A.		375,517	N						45,000	-
9	Coastline Lease Payments	1/6/2002	2/1/2016	Office Space Rent (Payments in Aug and Feb)	C.P.A.		326,468	N						293,752	293,752
10	GCS Center Building Lease	3/4/1994	2/28/2016	Parcell Family Trust	C.P.A.		500,000	N						602,000	660,000
12	Garden Grove Hyundai	1/22/1995	2/28/2017	Garden Grove Hyundai (Performance) (Union Bank of California)	C.P.A.		530,000	N						170,000	170,000
13	Business Incentive Agreements	11/20/2009	5/1/2020	Land Acquisition - Estimated Monthly	C.P.A.		21,396,666	N						2,466,427	-
14	Union Bank Loan	5/17/2008	1/20/2025	Project Improvements (\$1M Based)	C.P.A.		7,000,000	N							-
15	Embassy Suites DDA	Business Incentive Agreements	11/21/1995	Orison Urban Housing	Quartermile Ground Water Monitoring Events	C.P.A.	161,000	N						25,000	-
16	Sycamore Van DDA	Ramification	5/20/2023	Syntex Biotech	Syntex Biotech Building Construction	C.P.A.	10,000,000	N							25,000
17	Brookhurst Triangle DDA	5/12/2012	12/31/2025	Garden Grove MXD & Varieties	C.P.A.		45,000,000	N						2,000,000	-
18	Waterpark Hotel DDA	Business Incentive Agreements	5/12/2009	Kim Sano Inc.	Project Assistance & Site Assembly & Preparation Costs	C.P.A.	3,300,000	N						250,000	-
20	Site B2 DDA	6/26/2011	6/26/2025	New Age Brookhurst, LLC & Various	C.P.A.		833,000	N						750,000	-
22	Brookhurst Triangle DDA	On DDA Contracts	11/23/2010	City of Garden Grove	labor associated w/ project coordination management	C.P.A.	86,000	N						43,000	-
23	Project Management for Item 19 - Water Park	12/31/2026	12/31/2026	City of Garden Grove	labor associated w/ project coordination management	C.P.A.	350,000	N						250,000	-
24	Project Management for Item 20 - Site 22	12/26/2001	6/26/2025	S/CR and WSS Firms	Legal Costs Associated with project Items 19 & 20.	C.P.A.	350,000	N						175,000	-
25	Project Legal for Items 19-20	Legal	6/26/2001	1/23/2026	Management and Maintenance of Existing Ownership & Disposal Items	C.P.A.	475,000	N						337,645	337,645
27	Janco Property Maintenance	Properties	2/17/2012	1/23/2020	Various	C.P.A.	3,165,444	N						1,555,988	-
31	Administrative Allowance	Admin Costs	1/17/2014	6/20/2014	City of Garden Grove	C.P.A.	300,000	N						300,000	-
33	Brookhurst Triangle DDA	Property Dispositions	7/29/2002	7/29/2002	Wang	See Notes.	3,165,444	N						43,000	-
34	Brookhurst Triangle DDA	Property Dispositions	7/29/2002	1/23/2020	City of Garden Grove	See Notes.	3,165,444	N						1,555,988	-
35	Brookhurst Triangle DDA	Property Dispositions	7/29/2002	1/23/2020	Wang	See Notes.	3,165,444	N						1,555,988	-
37	Project Management for Item 22 - Brookhurst	Project Management	11/23/2010	12/31/2020	City of Garden Grove	C.P.A.	300,000	N						300,000	-
39	Business Successor Adminstration/Refunding Bonds	Admin/Refunding Bonds	6/26/2014	10/1/2029	Garden Grove Hotel Authority	C.P.A.	3,165,444	N						1,555,988	-
40	Union Law Suit Settlement	Litigation	9/20/2013	6/30/2015	U.S. Bank National Association	C.P.A.	1,145,373	N						2,351,277	-
41	Project Legal for Item 22	Legal	11/2/2010	1/23/2020	Settlement of Farmer Agency lawsuit	C.P.A.	1,935,540	N						936,540	-
42	Overage for Item 14	Miscellaneous	5/1/2008	6/30/2020	Legal Costs Associated with project Item 22	C.P.A.	350,000	N						100,000	-
43	Overage for Item 16	Miscellaneous	1/1/2010	6/30/2023	Garden Grove S.A.	C.P.A.	115,427	N						116,427	-
44	Overage for Item 19	Miscellaneous	5/1/2009	6/30/2023	Garden Grove S.A.	C.P.A.	16,548	N						11,614	-
45	Overage for Item 25	Miscellaneous	6/26/2001	12/31/2026	Garden Grove S.A.	C.P.A.	16,785	N						188,785	-
46	Overage for Item 22	Miscellaneous	11/23/2010	1/23/2020	Garden Grove S.A.	C.P.A.	2421	N						2421	-

Recognized Obligation Payment Schedule (ROPS 14-15B) - Report of Cash Balances
 (Report Amounts in Whole Dollars)

A	B	C	D	E	Fund Sources			H	I
					Bond Proceeds	Prior ROPS period balances and DDR RPTTF balances retained	Reserve Balance		
Cash Balance Information by ROPS Period									
ROPS 13-14B Actuals 01/01/14 - 06/30/14)									
1 Beginning Available Cash Balance (Actual 01/01/14)								105,949	1,105,395
2 Revenue Income (Actual 06/30/14)									
RP TTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014									
3 Expenditures for ROPS 13-14B Enforceable Obligations (Actual 06/30/14)								232,633	9,291,267
RP TTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q									
4 Retention of Available Cash Balance (Actual 06/30/14)								315,810	10,408,372
RP TTF amount retained should only include the amounts distributed for debt service reserve(s) approved in ROPS 13-14B									
5 ROPS 13-14B RPTTF Prior Period Adjustment								1,073,304	22,772
RP TTF amount should tie to the self-reported ROPS 13-14B PPA in the Report of PPA, Column S									
6 Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)									
								(1,073,304)	(402,424)
ROPS 14-15A Estimate (07/01/14 - 12/31/14)									
7 Beginning Available Cash Balance (Actual 07/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)								22,772	(11,710)
8 Revenue Income (Estimate 12/31/14)									
RP TTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014									
9 Expenditures for ROPS 14-15A Enforceable Obligations (Estimate 12/31/14)								3,530,100	9,506,070
10 Retention of Available Cash Balance (Estimate 12/31/14)									
RP TTF amount retained should only include the amount distributed for debt service reserve(s) approved in ROPS 14-15A									
11 Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)									(2,264,308)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see https://rad.dof.ca.gov/radsa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf.

Recognized Obligation Payment Schedule (ROPS 14-15B) - Notes

January 1, 2015 through June 30, 2015

Item #	Notes/Comments
1	This item was retired as a result of DOF's February 21, 2014 approval of the bond refunding. (see Item 39).
2	The Hyatt assistance payment was more than what was estimated on ROPS 14-15A. This amount (\$68,500) is what is still owed.
3	The Residence Inn assistance payment was more than what was estimated on ROPS 14-15A. This amount (\$67,500) is what is still owed.
9	This lease is paid in two payments per year. In October the payment varies between \$20K and \$36K. In February the payment varies between \$150K and \$204K. The "Other" revenue for this item is monthly lease payments from Cal State Fullerton. In addition, pursuant to the lease agreement, the Agency is responsible for property mgmt., utilities, and maintenance in proportion to the square footage of its lease to Cal State Fullerton. This is estimated to be \$90K based on previous years payments. In addition to the \$203,783 lease payment, \$90K has been included for prop. mgmt. utilities, and mntce.
33	This property was acquired in 2002 as part of the Brookhurst Triangle Project. The Purchase Contract indicates that any future sale proceeds over the amount initially paid by the Agency to the original seller are to be split 50/50 between the original seller and the City of Garden Grove. All remaining proceeds will be remitted to the CAC for disbursement to the taxing entities. The first phase of this was anticipated to occur in ROPS 13-14B (approved), but was delayed. This item is not being retired because the same split of proceeds is to occur on a future ROPS, upon the disposition of Phase II of the project.
34	This property was acquired in 2002 as part of the Brookhurst Triangle Project. The Purchase Contract indicates that any future sale proceeds over the amount initially paid by the Agency to the original seller are to be split 50/50 between the original seller and the City of Garden Grove. All remaining proceeds will be remitted to the CAC for disbursement to the taxing entities. The first phase of this project was anticipated to occur in ROPS 13-14B (approved), but was delayed.
35	This item is not being retired because the same split of proceeds is to occur on a future ROPS, upon the disposition of Phase II of the project.
39	This property was acquired in 2002 as part of the Brookhurst Triangle Project. The Purchase Contract indicates that upon the sale to a third party, the original owner is due a payment of \$300,000. The first phase of this project was anticipated to occur in ROPS 13-14B (approved), but was delayed. This Bond was approved by the DOF on February 21, 2014. This represents the February interest only payment per the payment schedule (\$780,856) and a reserve (\$1,570,425 - half of the total amount due on ROPS 15-16A) to cover differences in available RPTTF from the ROPS "A" period to ROPS "B" period. This ROPS arrangement was approved by DOF for the 2003 TABS (Item 1) in a DOF letter dated November 8, 2013.
40	This amount is due as a result of a settlement agreement between the Former Agency and Marina Limón, et al (attached). The amount in this ROPS only includes the payment of attorneys' fees and additional relocation assistance. Pursuant to the settlement agreement that requires the Agency cause the construction of 19 new very low-income and 19 new low-income affordable units (38 total units), future ROPS will include funds needed to effectuate the fulfillment of this portion of the settlement agreement.
42	This amount is due as a result of underestimating the item 14 payment on ROPS 13-14B and entered here as directed by our analyst on September 8, 2014.
43	This amount is due as a result of underestimating the item 16 payment on ROPS 13-14B and entered here as directed by our analyst on September 8, 2014.
44	This amount is due as a result of underestimating the item 19 payment on ROPS 13-14B and entered here as directed by our analyst on September 8, 2014.
45	This amount is due as a result of underestimating the item 25 payment on ROPS 13-14B and entered here as directed by our analyst on September 8, 2014.
46	This amount is due as a result of underestimating the item 22 payment on ROPS 13-14B and entered here as directed by our analyst on September 8, 2014.

Administrative Budget

SUCCESSOR AGENCY ADMINISTRATIVE BUDGET**FY14-15****ADMINISTRATIVE LABOR**

Finance	143,902
Administration	82,565
Economic Development	278,669
Total Labor	505,136

ADMINISTRATIVE CONTRACTUAL SERVICES

Econ Dev – Community Project	110,652
Econ Dev – Bond Costs	2,650
Total Contractual Services	113,302

Total Administrative Budget**618,438**