

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

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles
From: Kingsley Okereke
Dept: City Manager
Dept. Assistant City Manager
Subject: ADOPTION OF A RESOLUTION
APPROVING THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE
Date: September 22, 2015

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") pursuant to Section 34177 of the Health and Safety Code, and transmit said ROPS to the Oversight Board for approval.

BACKGROUND/ANALYSIS

Staff has prepared for the Successor Agency's consideration and approval, the ROPS for the period covering January 1, 2016 through June 30, 2016 (Attached). The attached Successor Agency Resolution approves the ROPS in the gross amount of \$11,083,909 (\$10,945,916 requested from the Redevelopment Property Tax Trust Fund) and authorizes its transmittal to the Oversight Board.

In addition to the first payment of the Waterpark Hotel Bond Refunding Obligation, this ROPS contains some new additions as a result of recent DOF determinations and/or court decisions and rulings.

The first is the relisting of the Housing Successor Administrative cost of \$75,000. Successor Agency staff is relisting this as a result of a recent court decision in which cities whose respective housing authorities assumed the housing responsibilities of the former redevelopment agency are now eligible to receive administrative funding pursuant to the dissolution act.

The second item is the relisting of the Site C Hotel Project on the ROPS. A recent court decision for the City of Orange and a subsequent DOF determination for the City of San Juan Capistrano indicate that the DOF should consider and find that the Disposition and Development Agreement for the Site C Hotel Project (the "Site C DDA") is an enforceable obligation of the former Garden Grove Agency for Community Development (the "former Agency"). Although the former Agency's Director signed the Site C DDA after AB x1 26 (the original act providing for the dissolution of redevelopment agencies) went into effect, the Site C DDA was

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

September 22, 2015

Page 2

approved by the Board of the former Garden Grove Agency for Community Development and was signed by the Developer (Land & Design, Inc.) prior to that date, and was therefore a legally binding contract between the former Agency and the Developer as of the date AB x1 26 became effective. As such, costs associated with the preparation of the Site C project site are being included on the ROPS as an enforceable obligation. Addition, in a separate item to the Successor Agency, the corresponding change is being made to the Long Range Property Management Plan as property that is subject to an enforceable obligation.

The third item is the relisting of judgment costs associated with the ruling on *Limón, et al. v. State of California, Department of Finance*. These costs were initially denied by DOF on ROPS 15-16B and the plaintiffs sued the DOF. On June 5, 2015, the Superior Court of California ruled that the Stipulation for Entry of Interlocutory Judgment ("Judgment") between the Successor Agency and the Plaintiffs is an enforceable obligation. As a result, line items 49 and 50 have been added to the ROPS in order to satisfy the Successor Agency's obligations under the Judgment.

FINANCIAL IMPACT

None.

RECOMMENDATION

Staff recommends that the Successor Agency:

- Adopt the attached Resolution approving the Recognized Obligation Payment Schedule for the period January 1, 2016 through June 30, 2016, pursuant to Section 34177 of the Health and Safety Code; and
- Authorize the Director or his designee to transmit the approved ROPS to the Oversight Board for approval.


KINGSLEY OKEREKE
Assistant City Manager


Jim DellaLunga
Senior Project Manager

Recommended for Approval


Scott C. Stiles
Director

Attachment 1: Successor Agency Resolution
Attachment 2: Recognized Obligation Payment Schedule

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 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 of 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 the petition *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 designee to augment or modify the IOPS 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") in the amount of \$14,209,971 for the period covering July 1, 2015 through December 31, 2015, in the form attached to this Resolution as Attachment No. 1 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 authorizes the transmittal of the ROPS 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 Successor Agency hereby approves the ROPS in the amount of \$11,083,909 in the form attached to this Resolution as Attachment No. 1, and authorizes Director and/or the Finance Director or their authorized designees to make such augmentation, modification, additions or revisions, as they may deem appropriate.

Section 3. The Director or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be transmitted to the Oversight Board and 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 City Clerk on behalf of the Successor Agency shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 23rd day of September 2015.

ATTACHMENT 1
(ROPS)

ATTACHMENT 2
(Administrative Budget)

Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary

Filed for the January 1, 2016 through June 30, 2016 Period

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

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding		
A	Sources (B+C+D):	\$
B	Bond Proceeds Funding (ROPS Detail)	137,993
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	137,993
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 10,945,916
F	Non-Administrative Costs (ROPS Detail)	10,627,103
G	Administrative Costs (ROPS Detail)	318,813
H	Total Current Period Enforceable Obligations (A+E):	\$ 11,083,909

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	10,945,916
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(1,699,018)
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 9,246,898

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	10,945,916
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N	Adjusted Current Period RPTTF Requested Funding (L-M)	10,945,916

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.

 /s/ Name
 Title
 Signature Date

Garden Grove Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail
 January 1, 2016 through June 30, 2016
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
																Item #
2	Hwy 105/106	Business Incentive Agreements	6/1/2000	9/1/2018	OPA, LLC (Performance Based)	Cost of Project Improvements	C.P.A.	\$ 208,764,067	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Residence in DDA	Business Incentive Agreements	12/12/2000	9/1/2020	RIOPA, LLC (Performance Based)	Cost of Project Improvements	C.P.A.	1,442,841	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Sherraton Hotel DDA	Business Incentive Agreements	6/26/2001	8/1/2015	Kam Sang Inc. (Performance Based)	Cost of Project Improvements	C.P.A.	2,864,150	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	OfficeMax Com Rehab Agmt	Business Incentive Agreements	7/2/2004	6/30/2016	OfficeMax (Performance Based)	Commercial Rehabilitation (Quarterly Payments)	C.P.A.	2,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Katella Cottages OPA	OP/ADDA/Construction	8/10/2008	10/1/2027	Heritage Village Note Investors (Performance Based)	Land Acquisition and Project Improvements	C.P.A.	3,076,342	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Katella Cottages Note	Bonds Issued On or Before 12/31/10	6/10/2008	10/1/2027	U.S. Bank	Land Acquisition and Project Improvements	C.P.A.	2,654,850	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Augustine Note	Third-Party Loans	1/8/2002	2/13/2016	Augustine Trust	Land Acquisition and Project Improvements	C.P.A.	373,189	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Coastline Leaser Payments	Miscellaneous	3/4/1984	2/1/2016	Cost Community College District	Office Space Rent (Payments in Aug and Feb)	C.P.A.	137,993	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	GG Center Building Lease	Miscellaneous	1/22/1995	2/28/2016	Purcell Family Trust	Office Space Rent (Payment in Feb)	C.P.A.	15,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Garden Grove Hyundai	Business Incentive Agreements	1/15/2009	2/28/2017	Garden Grove Hyundai (Performance Based)	Cost of Project Improvements (Payment in Feb)	C.P.A.	360,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Union Bank Loan	Third-Party Loans	5/1/2009	9/1/2020	Union Bank of California	Land Acquisition - Estimated Monthly Payments - Variable Interest	C.P.A.	17,465,017	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Embassy Suites DDA Amenity	Business Incentive Agreements	1/9/2007	1/9/2025	Landmark (Performance Based)	Project Improvements (\$7M)	C.P.A.	7,000,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Sycamore Walk DDA	Remediation	1/11/21996	8/30/2023	Chen Urban Housing	Quarterly Soil/Ground Water Monitoring Events	C.P.A.	111,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Walshburg DDA	SEPA/FERAT	2/7/2012	12/31/2020	Garden Grove High Authority	Relinquishment of Rights/Title/Right of First Refusal	N/A	-	N	-	-	-	-	-	-	-
19	Waterpark Hotel DDA	Business Incentive Agreements	5/12/2009	12/31/2026	Garden Grove MXD & Various	Site Assembly/Project Assistance	C.P.A.	66,573,375	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Site B2 DDA	Business Incentive Agreements	6/26/2001	6/26/2025	Kam Sang Inc. Various	Project Assistance & Site Assembly & Site Preparation Costs	C.P.A.	3,300,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Brookhurst Triangle DDA	OP/ADDA/Construction	1/12/2010	12/31/2020	New Age Brookhurst, LLC & Various	Site Preparation Costs	C.P.A.	835,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Project Management for Item 19 - Water Park	Project Management Costs	6/26/2009	12/31/2026	City of Garden Grove	Labor associated w/ project coordination / management	C.P.A.	-	Y	-	-	-	-	-	-	-
24	Project Management for Item 20 - Site B2	Project Management Costs	6/26/2001	6/26/2025	City of Garden Grove	Labor associated w/ project coordination / management	C.P.A.	670,400	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Project Legal for Items 19-20	Legal	6/26/2001	12/31/2026	SYCR and WSS Firms	Legal Costs Associated with project Items 19 & 20	C.P.A.	125,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Agency Property Maintenance	Property Maintenance	2/1/2012	12/31/2020	Various	Management and Maintenance of Street Lighting	C.P.A.	390,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	Administrative Allowance	Admin Costs	1/1/2014	6/30/2019	City of Garden Grove	Administrative Allowance per AB 1484	N/A	3,188,130	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Brookhurst Triangle DDA	Property Dispositions	1/29/2002	12/31/2020	Wing	See Notes.	C.P.A.	1,500,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Brookhurst Triangle DDA	Property Dispositions	7/29/2002	12/31/2020	City of Garden Grove	See Notes.	C.P.A.	1,500,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	Project Management for Item 22 - Brookhurst	Project Management Costs	1/12/2010	12/31/2020	City of Garden Grove	Labor associated w/ project coordination / management	C.P.A.	670,400	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	2014 Tax Allocation Refunding Bonds	Bonds Issued After 12/31/10	6/26/2014	10/1/2029	U.S. Bank National Association	Refunding of 2003 Tax Allocation Bonds	C.P.A.	33,945,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Limón Law Suit Settlement	Litigation	9/20/2013	6/30/2015	Valjit	Settlement of Former Agency (Limón) Associated with Item 19	N/A	-	N	-	-	-	-	-	-	-
41	Project Legal for Item 22	Legal	1/12/2010	12/31/2020	SYCR and WSS Firms	Legal Costs Associated with project Item 22	C.P.A.	500,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	Appraisals(9)	Admin Costs	7/1/2015	12/31/2015	TSD	Appraisals for Properties on the Long Term Property Management Plan	C.P.A.	24,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	Site C DDA	Business Incentive Agreements	6/14/2011	7/1/2032	Land & Design & Various	Site Assembly/Preparation and Project Assistance	C.P.A.	44,000,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49	Limón Law Suit Settlement/Judgment	Litigation	6/5/2015	6/5/2020	Public Counsel	Attorneys Fees per Judgement/Court Ruling	C.P.A.	795,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Limón Law Suit Settlement/Judgment	Litigation	6/5/2015	6/5/2020	Garden Grove Housing Partners, LP	Replacement Housing Obligation per Judgement/Court Ruling	C.P.A.	1,600,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Housing Successor Administration	Admin Costs	1/1/2016	6/30/2016	Garden Grove Housing	Administration of the Housing Successor	C.P.A.	1,500,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	Item 39 Trustee Fee (2014 TAB)	Fees	6/26/2014	10/1/2029	U.S. Bank National Association	Fees associated with Bond payment	C.P.A.	59,800	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53	Item 19 Trustee Fee (Waterpark Bond)	Fees	5/12/2009	12/31/2026	U.S. Bank National Association	Fees associated with Bond payment	C.P.A.	68,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54	Item 7 Trustee Fee (Katella Cottages Note)	Fees	6/10/2008	10/1/2027	U.S. Bank National Association	Fees associated with Note	C.P.A.	19,800	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Successor Agency Legal Fees for Limón Litigation (Item 49 & 50)	Legal	6/5/2015	6/5/2020	SYCR and WSS Firms	Attorneys Fees per Judgement/Court Ruling	C.P.A.	50,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56									N							
57									N							

Garden Grove Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (i), 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 [INSERT URL LINK TO CASH BALANCE TIPS SHEET]									
A	B	C	D	E	F	G	H	I	Comments
Cash Balance Information by ROPS Period									
		Bond Proceeds		Reserve Balance		Other		RPTTF	
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Other	RPTTF		
ROPS 14-15B Actuals (01/01/15 - 06/30/15)									
1	Beginning Available Cash Balance (Actual 01/01/15)	175,517	3,881,440	244,399		137,292	390,711		
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015	2,270,028	2,351,664			266,556	5,343,715		
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	2,270,028	2,351,277	244,399		428,154	3,372,982		
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B 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)	\$ 175,517	\$ 3,881,827	\$ -	\$ -	\$ (24,306)	\$ 662,426	\$ 1,699,018	
ROPS 15-16A Estimate (07/01/15 - 12/31/15)									
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 175,517	\$ 3,881,827	\$ -	\$ -	\$ (24,306)	\$ 2,361,444		
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during June 2015	2,336,155	1,572,423			3,286,655	10,419,524		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 12/31/15)	2,336,155	1,572,423			3,521,845	10,191,541		
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	175,517	3,881,827						
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ (259,496)	\$ 2,589,427		

