



Redevelopment Dissolution

ABx1 26

AB 1484

July, 2012

State Budget Adoption FY 2011/2012



ABx1 26 (Dissolution Act)

- ✦ Immediately suspended RDA activities and from incurring new indebtedness

Successor Agency



- ✦ RDA dissolved on February 1, 2012
- ✦ Successor Agency (the City) charged with unwinding RDA obligations
 - (a) Paying off existing obligations
 - (b) Disposing of properties and assets

State Budget Adoption FY 2012/2013



AB 1484

- ✦ Made technical amendments in the implementation of the Dissolution Act
- ✦ Designated Successor Agencies as a separate legal entity
- ✦ Added significant new deadlines with compliance consequences

AB 1484 New Additions



- ✦ Property Tax Recovery “True Up”
- ✦ Due Diligence Review
- ✦ Finding of Completion
- ✦ Other Loans Agreements
- ✦ Repayment Conditions for Other Loan Agreements
- ✦ Property Disposition
- ✦ Preserves Affordable Housing Funding
- ✦ Deadlines
- ✦ Penalties

Property Tax Recovery “True Up”



- ✦ Recovery of property taxes that should have been distributed to the other taxing entities during 1st ROPS period.
 - ✦ July 9th - County Auditor-Controller (CAC) demand letter
 - ✦ July 12th – Payment from Successor Agency due
 - ✦ July 16th – Distributions to taxing entities
 - ✦ July 18th – Non-payment penalties
- ✦ Sunnyvale’s demand letter = \$0

Due Diligence Review



- ✦ Successor Agency to hire accountant and conduct Due Diligence Review of unobligated fund balances (accountant approved by CAC)
 - ✦ LMIHF
 - ✦ Other funds
- ✦ Fund Balance Review is different from the agreed-upon procedure audit (AUP) currently under way by County.

Finding of Completion



- ✦ Upon Completion of the Property Tax Recovery and Due Diligence Review, DOF will issue a “Finding of Completion”. Incentives include:
 - ✦ Reinstating loans between the RDA and City that were previously disallowed
 - ✦ Retaining RDA properties with an approved property management plan

Other Loan Agreements



- ✦ Agreements that were not previously recognized shall be deemed enforceable obligations
- ✦ Oversight Board makes a finding that agreement was for legitimate redevelopment purposes (Section 34191.4(b))
- ✦ Places repayment conditions on agreements that are reinstated

Repayment Conditions for Other Loan Agreements



- ✦ Accumulated interest recalculated from origination at the Local Agency Investment Fund (LAIF) interest rate
- ✦ Going forward interest limited to LAIF rate
- ✦ Delayed until FY 2013/14
- ✦ Not to exceed 50% of increase in property tax distribution to taxing entities from FY 2012/13 base year
- ✦ 20% of any loan repayment placed in LMIHF

Property Disposition



- ✦ After receiving a Finding of Completion
 - ✦ Develop a long-range property management plan (approved by the Oversight Board and DOF)
 - ✦ Retention of property for governmental use
 - ✦ Retention of property for future development
 - ✦ Sale of property
 - ✦ Use of property to fulfill an enforceable obligation

- ✦ Property identified in an approved redevelopment plan can be transferred to the City for that purpose

Preserves Affordable Housing Funding



- ✦ Expands list of housing assets that may be transferred to the Successor Housing Agency by August 1, 2012
 - ✦ Real Property Assets
 - ✦ Encumbered Funds
 - ✦ Loan or Grant Receivables
 - ✦ Rents and Payments from Operations
 - ✦ Amounts Owed to LMIHF
 - ✦ Mixed Use Assets
 - ✦ Housing Bond Proceeds

- ✦ Clarifies repayment of obligations owed shall be directed to a new LMIH Asset Fund.

Deadlines



- ✦ August 1, 2012 – Provide DOF a list of assets transferred to Housing Successor Agency since February 1, 2012
- ✦ September 1, 2012 – Approval of 3rd ROPS for 1/1/13 – 6/30/13
- ✦ October 1, 2012 – Submit Due Diligence Review on LMIHF to Oversight Board, CAC, State Controller and DOF
- ✦ October 15, 2012 – Oversight Board approval of the LMIHF Due Diligence Review
 - ✦ Public review meeting required 5 business days in advance of Oversight Board meeting

Deadlines (continued)



- ✦ December 15, 2012 – Submit Due Diligence Review on all other funds to Oversight Board, CAC, State Controller and DOF
- ✦ January 15, 2013 – Oversight Board approval of Due Diligence Review for all other funds
 - ✦ Public review meeting required 5 business days in advance of Oversight Board meeting
- ✦ March 3, 2013 - Approval of 4th ROPS for 7/1/13 – 12/31/13



Penalties

ROPS

- ✦ \$10,000 per day penalty for each day the ROPS are late
- ✦ 25% reduction of the maximum administrative cost allowance after 10 days late

Property Tax Recovery

- ✦ Subject to civil penalty of 10% of the amount owed plus 1.5% of amount owed for each month payment is late
- ✦ No payment for enforceable obligations (except bonds)
- ✦ Sales tax and property tax offsets



Sunnyvale's Enforceable Obligations

Enforceable Obligations



- ✦ 2003 Tax Allocation Bonds
- ✦ 1998 Certificates of Participation
- ✦ 1977 Repayment Contract
- ✦ Administrative cost reimbursement
- ✦ Plaza improvements reimbursement
- ✦ 2010 Amended Disposition and Development and Owner Participation Agreement (ADDOPA)
- ✦ Low and Moderate Income Housing Fund Deficit (LMIHF)

2003 Tax Allocation Bonds



- ✦ 34171(d)(1)(A) Bonds...including the required debt service, reserve set-asides, and other payment required under the indenture or similar documents
- ✦ DOF Approved

1998 Certificates of Participation



- ✦ 34171(d)(1)(B) Loans of money borrowed by the redevelopment agency for a lawful purpose...pursuant to a required repayment schedule or other mandatory loan terms.
- ✦ DOF Approved

1977 Repayment Contract



- ✦ 34171 (d)(2) Enforceable Obligations do not include any agreements...between the City and the former redevelopment Agency except for:
 - A) written agreements entered into at the time of issuance and not later than December 31, 2010,
 - B) for the purpose of securing or repaying indebtedness obligations

- ✦ 34171(e) “Indebtedness Obligations” means bonds, notes, certificates of participation, or other evidence of indebtedness, issued or delivered by the redevelopment agency, or by a joint exercise of power authority created by the redevelopment agency, to third-party investors or bondholders to finance or refinance redevelopment project...

- ✦ DOF Approved

Administrative Cost Reimbursement



Administrative cost from 1986

- ✦ Required by new statutory obligation established in 1985 to set aside 20% of tax Increment for Affordable Housing on Pre-1977 plans
 - ✦ Law allowed set aside to be deferred
 - ✦ Law required that 100% of tax increment be used to make payments on pre-1986 debt obligations
- ✦ Section 34171(d)(1)(B) Loans of money borrowed by redevelopment agency for a lawful purpose...
- ✦ Section 34171(d)(1)(C) – ...obligations imposed by state law...payments required in connection with the agencies' employees...

Plaza Improvements Reimbursement



Plaza del Sol

- ✦ Implements an agreement with a third party for construction of Plaza del Sol and related infrastructure improvements.
 - ✦ The Agency entered into a development agreement (DDA) in 2000.
- ✦ 34171(d)(1)(E) any legally binding and enforceable agreement or contract that is not otherwise void...

2003 Loan and Repayment Agreement



- ✦ 2003 Loan and Repayment Agreement
 1. Administrative cost reimbursement
 2. Plaza improvements reimbursement

- ✦ State Department of Finance (DOF) letter – 2003 Loan and Repayment Agreement under review

2010 Amended Disposition and Development and Owner Participation Agreement (ADDOPA)



2010 ADDOPA

- ✦ Implements an agreement with a third party for construction of infrastructure improvements for Town Center Development.
 - ✦ The Agency amended the development agreement in 2010.
- ✦ 34171(d)(1)(E) any legally binding and enforceable agreement or contract that is not otherwise void...
- ✦ DOF Approved

Low and Moderate Income Housing Fund Deficit (LMIHF)



- ✦ 34171(d)(1)(G) Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board...



RDA Land Assets



Land Assets

Town Center project parcels

- ✦ Long term land lease (85 years)
- ✦ Part of development agreement
- ✦ Public use
- ✦ Streets and sidewalks
- ✦ Environmental cleanup

Plaza del Sol

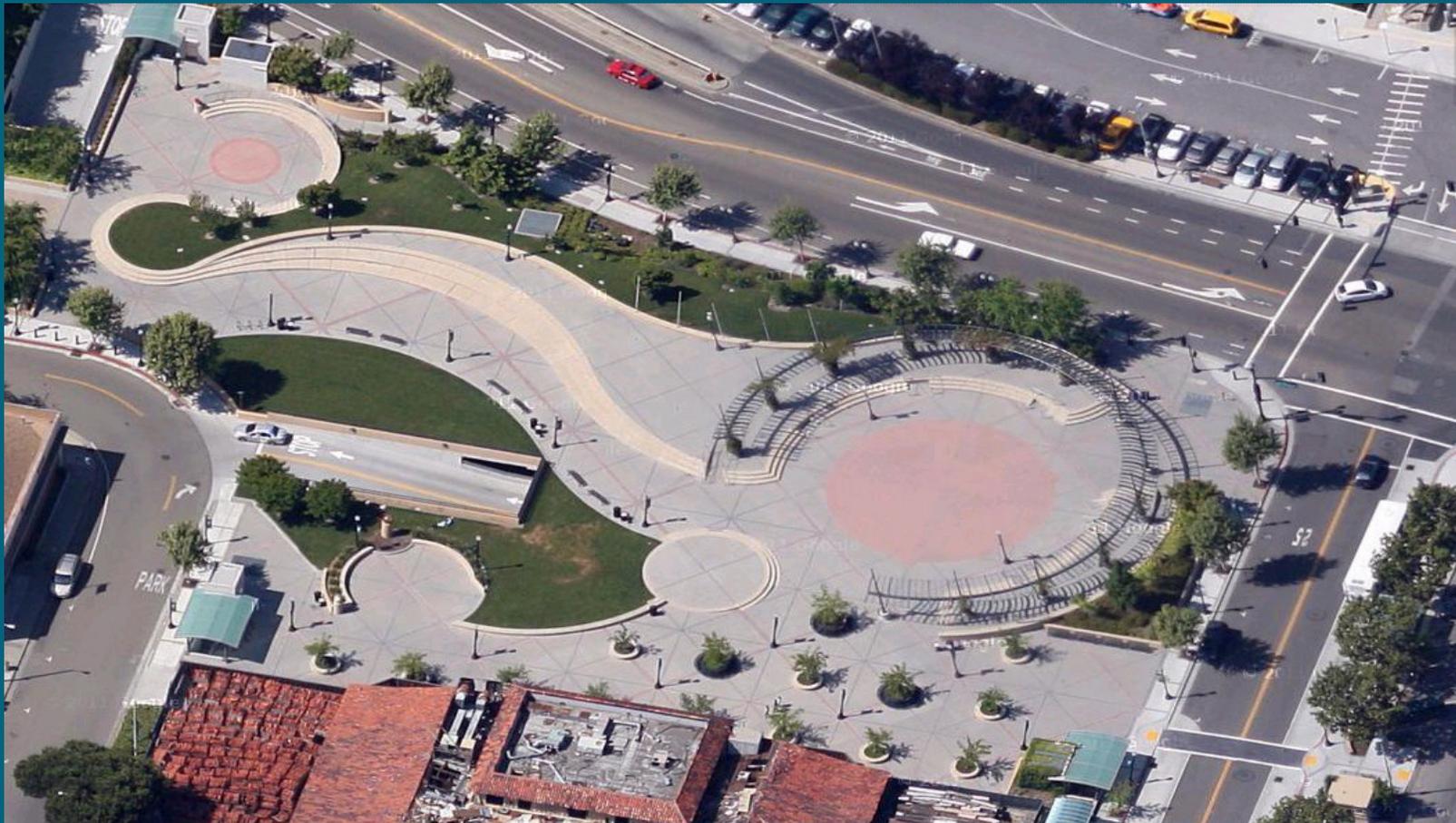
- ✦ Part of development agreement
- ✦ Public Parking
- ✦ Public Park



Town Center



Plaza Del Sol



Property Disposition



- ✦ 34191.5 (c)(2) ...Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, ...or the use of the property to fulfill an enforceable obligation.
- ✦ 34181(a) ...the oversight board may instead direct the successor agency to transfer ownership of those assets that are constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction...



Future Agenda Items and Meeting Schedule



Future Agenda Items

- ✦ Recognized Obligation Payment Schedule (ROPS)
 - ✦ 3rd ROPS January to June 2013
 - ✦ 4th ROPS July to December 2013
- ✦ Agency Fund Balance Review



Meeting Schedule

- ✦ Council Chambers 3:00PM – 5:00PM
 - ✦ July 26, 2012 (West Conference Room)
 - ✦ August 16, 2012
 - ✦ September 20, 2012
 - ✦ October 18, 2012
 - ✦ November 15, 2012
 - ✦ December 20, 2012
 - ✦ January 17, 2013
 - ✦ February 21, 2013
 - ✦ March 21, 2013

(Third Thursday in each month)

Tentative Agenda Schedule



August 16, 2012

1. Adopt Administrative Budget
2. Adopt 3rd ROPS 1/1/13 – 6/30/13 (Send Adopted ROPS to State Controller and DOF by September 1st)
3. Public meeting for Due Diligence Review of LMIHF

September 20, 2012

1. Approval of Due Diligence Review of LMIHF (Notification to Counter Auditor-Controller and DOF by October 15, 2012)

November 15, 2012

1. Public meeting for due Diligence Review of all other Agency funds

December 20, 2012

1. Approval of Due Diligence Review of all other Agency funds (Notification to Counter Auditor-Controller and DOF by January 15, 2013)

February 21, 2013

1. Adopt Administrative Budget
2. Adopt 4th ROPS 7/1/13 – 12/30/13 (Send Adopted ROPS to State Controller and DOF by March 3rd)