

**AGENDA FOR THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY DEVELOPMENT CONFERENCE ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

TUESDAY, JANUARY 31, 2017 AT 4:00 P.M.

**REMOTE LOCATION: (Vice-Chair Lee)
Los Angeles Harbor College, 1111 Figueroa Place, Wilmington, CA 90744,
Student Service Administration Bldg., 2nd Floor, Room 216**

**REMOTE LOCATION: (Member Schneider)
137 Spinnaker Mall, Marina Del Ray, CA 90292-7263**

Members:

Jim Knight (Chair), Dr. Otto Lee (Vice-Chair), Lydia Cano, Kit Fox, Gregory O'Brien, Jr., Michael Seth Schneider

AGENDA POSTED: January 27, 2017

WEBSITE: www.rpvca.gov

CALL TO ORDER

1. Roll Call
2. Flag Salute
3. Approval of Agenda

REGULAR BUSINESS

4. Meeting Minutes for January 26, 2016

Recommendation:

Adopt the draft meeting minutes as presented

5. Recognized Obligation Payment Schedule and Administrative Allowance Budget for July 2017 through June 2018

Recommendation:

Adopt Resolution No. OB 2017-_____, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 2017 THROUGH JUNE 2018, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

Adopt Resolution No. OB 2017-_____, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGET FOR JULY 1, 2017 THROUGH JUNE 30, 2018, AND TAKING CERTAIN RELATED ACTIONS.

6. Review and discuss proposed repayment plans of current obligations.
7. Public comment for items not on the agenda
8. Adjournment

SUPPORTING DOCUMENTATION: Supporting documentation can be obtained at the following locations during normal business hours: Rancho Palos Verdes City Hall, Finance Department, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275. You can also view the agenda and staff reports and related documents at the Successor Agency's website www.rpvca.gov.

AMERICAN WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City Clerk's Office at (310) 544-5208 at least 48 hours prior to the meeting.

Written materials, including emails, submitted to the Oversight Board are public records and may be posted on the Successor Agency's website. Accordingly, you may wish to omit personal information from your oral presentation or written materials as it may become part of the public record regarding an agenda item.

Materials related to an item on this Agenda submitted to the Oversight Board after distribution of the agenda packet are available for public inspection at the front counter of the lobby of the City Hall Administration Building at 30940 Hawthorne Boulevard, Rancho Palos Verdes during normal business hours.

**MINUTES FOR THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY**

**CITY OF RANCHO PALOS VERDES
CITY HALL COMMUNITY ROOM
30940 HAWTHORNE BOULEVARD
RANCHO PALOS VERDES, CALIFORNIA, 90275**

TUESDAY, JANUARY 26, 2016

CALL TO ORDER

Finance Director Cullen called the meeting to order at 1:06 p.m. in the Community Room at Rancho Palos Verdes City Hall for the purpose of conducting business pursuant to the Agenda.

1. ROLL CALL

Roll call was answered as follows:

PRESENT: Knight, O'Brien, Fox, Vice-Chair Lee, Schneider

ABSENT: Cano (excused)

Also present were Staff Liaison Cullen, Accounting Supervisor, Vina Ramos, Senior Administrative Analyst and Recording Secretary, Allan Kaufman, Deputy City Clerk, Terri Takaoka, and Successor Agency Legal Counsel Robin Harris (by phone) of Richards Watson and Gershon.

2. FLAG SALUTE

Member Knight led the Board in the Pledge of Allegiance.

3. APPROVAL OF AGENDA

Member Fox moved to approve the agenda, and Member Schneider seconded. Hearing no objection, O'Brien ordered approval of the agenda as presented.

REGULAR BUSINESS

4. INTRODUCTION OF NEW MEMBER

Staff Liaison Cullen, introduced and welcomed Jim Knight to the Committee as its newest member. Member Knight replaces former Vice-Chair Dyda.

5. ELECTION OF CHAIR

Staff Liaison Cullen called for nominations for Chair. Member O'Brien nominated Member Knight to be elected Chair. Schneider seconded the motion. No other nominations were made.

Motion approved:
Ayes 5, Nays 0
Absent: Member Cano

6. MEETING MINUTES FOR SEPTEMBER 9, 2015

Member Schneider moved to approve the September 9, 2015 minutes as presented, and Member Fox seconded.

Motion approved:
Ayes 4, Nays 0
Abstain: Chair Knight
Absent: Member Cano

7. RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE ALLOWANCE BUDGETS FOR JULY 2016 THROUGH JUNE 2017

Staff provided brief oral comments on ROPS 16-17 and answered Member questions. Counselor Harris provided a summary on where the City currently stands and confirmed the information she shared is consistent with Staff's recommendation. Counselor Harris stated she would look into Member Fox's question on whether the City would continue to need an administrative budget once the administrative responsibility is shifted to the County after FY17-18. Counselor Harris stated she would email her findings to Staff Liaison Cullen.

Member Schneider moved to adopt the proposed resolutions: approving the ROPS 16-17 and administrative budgets for July 2016 through June 2017. Vice-Chair Lee seconded the motion.

Motion approved:
Ayes 5, Nays 0
Absent: Member Cano

The Oversight Board adopted Resolution No. OB 2016-01, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 2016 THROUGH JUNE 2017, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.

The Oversight Board adopted Resolution No. OB 2016-02, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2016 THROUGH DECEMBER 31, 2016, AND FROM JANUARY 1, 2017 THROUGH JUNE 30, 2017, AND TAKING CERTAIN RELATED ACTIONS

8. PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

None

9. ADJOURNMENT

Chair Knight moved to adjourn the meeting, and Member Schneider seconded. Hearing no objections, Chair Knight ordered the meeting adjourned at 1:23 p.m.

ATTEST:

Jim Knight, Chairman

Deborah Cullen, Staff Liaison



MEMORANDUM

TO: HONORABLE CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

FROM: DEBORAH CULLEN, STAFF LIAISON TO THE OVERSIGHT BOARD 

DATE: JANUARY 31, 2017

SUBJECT: RECOGNIZED OBLIGATION PAYMENT SCHEDULE

REVIEWED: ROBIN HARRIS, COUNSEL TO THE SUCCESSOR AGENCY

RECOMMENDATION

1. Adopt Resolution No. OB 2017-____, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 2017 THROUGH JUNE 2018, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.
2. Adopt Resolution No. OB 2017-____, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGET FOR JULY 2017 THROUGH JUNE 2018, AND TAKING CERTAIN RELATED ACTIONS.

BACKGROUND

Pursuant to Health and Safety Code Section 34177, successor agencies are required to continue to make payments due for enforceable obligations of the former redevelopment agencies. The Recognized Obligation Payment Schedule (ROPS) identifies these obligations, the anticipated timing and amount of funds required to meet these obligations, and the funding sources for each obligation.

The ROPS will be used by the Los Angeles County Auditor-Controller to allocate money from the Redevelopment Property Tax Trust Fund (RPTTF), in order for the Successor Agency to make payments on enforceable obligations. Ultimate approval of the ROPS is granted once it is approved by the Oversight Board and reviewed by the California Department of Finance (DOF).

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

January 31, 2017

Page 2 of 3

New dissolution law which took effect, September 22, 2015, changed the requirement for submission of the ROPS (SB 107). It is now an annually required document (vs. bi-annual).

DISCUSSION

Obligations of Successor Agency

The Successor Agency has the following obligations, which were included on the last ROPS approved by the DOF.

- 1997 Tax Increment Bond – expected balance outstanding at June 30, 2017 is \$5,643,875. In years past, only the principal amount on this obligation was reported on the ROPS. To maintain consistency with other obligations on the ROPS that reflect their total amount, Staff will be reporting the total amount of this obligation on the 17-18 ROPS. Scheduled repayments are outlined in a Memorandum of Understanding dated November 1, 1997, between the County of Los Angeles (County), the City of Rancho Palos Verdes (City), and the former Rancho Palos Verdes Redevelopment Agency (RPVRDA). The stated interest rate in the MOU is five percent (5%). Bond payments are semi-annual, and remaining payments average about \$261,400 each (or about \$522,800 per year). The last bond payment is scheduled for December 2, 2027.
- City's Consolidated Loan – expected outstanding balance at June 30, 2017 is \$10,575,036. Per new dissolution law, the loan accrues simple interest of 3%. Payments are subject to formula outlined in dissolution law, which fluctuate with the availability of Redevelopment Property Tax Trust Fund (RPTTF) revenue; therefore, the date of loan payoff is unknown.
- County Deferral of Tax Increment – estimated outstanding at June 30, 2017 is \$9,161,394 (see Attachment F). As part of the 1987 Horan Agreement, the County received a 50.9% share of tax increment generated in the project area. In 1997, as part of the debt restructuring, the County agreed to defer its 50.9% share of tax increment "to the extent necessary to pay principal and/or interest on the RDA Bond and to satisfy the amount due to the County". Staff has been working with the County since last year on a repayment schedule and based on the progress of the discussions, Staff expects the County will approve a repayment schedule during 2017.
- Administration Allowance – includes staff time, an allocation of general liability insurance, the cost of legal counsel, printing, audit fees, and Oversight Board liability insurance.

Financial Position of Successor Agency

The Successor Agency financial activity and position are reported within a private-purpose trust fund in the City's financial statements; which received a clean audit opinion. Excerpts from the City's Comprehensive Annual Financial Report for the fiscal year ended

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

January 31, 2017

Page 3 of 3

June 30, 2016 have been attached (Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Note #14 to City's Financial Statements).

Staff has included the following reconciliations to assist in tracing ROPS amounts to the Financial Statements:

- Cash Basis Summary by ROPS Period;
- Financial Statement Reconciliation to ROPS amounts; and
- Schedule of City's Consolidated Loan FY15-16.

Attachments

A – ROPS 17-18 Obligation Repayment Schedule

B – Excerpts of City's Financial Statements for Successor Agency Fund

C – Reconciliations

D – 1997 Tax Allocation Bonds Remaining Debt Service Schedule

E – City's Consolidated Loan

F – Auditor-Controller, Tax Division Rancho Palos Verdes – R.P. #1 (Acct No 234.02)
County Deferral Balance

Late Correspondence

There are two (2) resolutions below that were referenced, but not included in the FY17-18 ROPS staff report. They were added as part of late correspondence on January 23, 2017.

RESOLUTION NO. OB 2017-_____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD COMMENCING JULY 1, 2017 AND ENDING JUNE 30, 2018 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180, AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Health and Safety Code Section 34177 provides that before the fiscal period, successor agencies to former redevelopment agencies must prepare a Recognized Obligation Payment Schedule (“ROPS”) for the enforceable obligations of the former redevelopment agency in accordance with the requirements of Section 34177.

B. Pursuant to Health and Safety Code Section 34180(g), establishment of a ROPS by the Successor Agency shall be approved by the Oversight Board.

C. Pursuant to Health and Safety Code Section 34177(m), a ROPS approved by the Oversight Board must be submitted to the California Department of Finance (DOF) by February 1, 2017 for the period July 1, 2017 through June 30, 2018 (ROPS 17-18).

D. DOF may review an oversight board action taken pursuant to Health and Safety Code Sections 34177(m) and 34177(h). Oversight board actions generally shall not be effective for five business days after appropriate notice of the oversight board action is submitted to the DOF, pending a request for review by DOF. In the event that DOF requests review of a given oversight board action, DOF shall have forty-five days from the date of notification to the DOF to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by DOF. In the event that DOF returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for DOF approval and the modified oversight board action shall not become effective until approved by DOF.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY (“SUCCESSOR AGENCY”), HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34180(g).

Section 3. The Oversight Board hereby approves Administrative Budget 17 18, substantially in the form attached hereto as Exhibit A; and hereby directs the staff of the Successor Agency to post the ROPS 17-18 on the Successor Agency's Internet website (being a page on the Internet website of the City of Rancho Palos Verdes); and submit the ROPS 17-18 to the County Auditor-Controller and State Controller's Office ("SCO") and to the DOF, together with a copy of this Resolution and the telephone number and email contact information for the Finance Officer of the Successor Agency, the official designated by the Oversight Board to whom DOF may make a request for review in connection with ROPS.

Section 4. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution.

PASSED AND ADOPTED this 31st day of January 2017.

Jim Knight, Chairman of the Oversight Board
for the Successor Agency to the Rancho Palos
Verdes Redevelopment Agency

ATTEST:

Deborah Cullen, Staff Liaison

RESOLUTION NO. OB 2017-_____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGET FOR JULY 1, 2017 THROUGH JUNE 30, 2018, AND TAKING CERTAIN RELATED ACTIONS

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the Rancho Palos Verdes Redevelopment Agency (the "Successor Agency") must prepare each year a proposed administrative budget covering two six-month fiscal periods (commencing each January 1 and July 1) and submit the proposed administrative budget to the oversight board of the Successor Agency (the "Oversight Board") for approval.

B. The Successor Agency's proposed administrative budget from July 1, 2017 through June 30, 2018 has been presented to this Oversight Board for approval.

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves Administrative Budget 17-18, substantially in the form attached hereto as Exhibit A.

Section 4. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the Administrative Budget, including making any adjustment to the proposed Administrative Budgets to make them consistent with the Successor Agency's Recognized Obligation Payment Schedule for fiscal year 2017-18 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

PASSED, APPROVED AND ADOPTED this 31st day of January, 2017.

AYES: Fox, Lee, Schneider and Knight

NOES:

ABSENT: Cano and O'Brien

ABSTAIN:

Jim Knight, Chairman of the Oversight Board
for the Successor Agency to the Rancho Palos
Verdes Redevelopment Agency

ATTEST:

Deborah Cullen, Staff Liason

EXHIBIT A

**SUCCESSOR AGENCY TO THE
RANCHO PALOS VERDES REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET 17-18
(July 1, 2017 through June 30, 2018)**

Description	Amount
Staffing costs	12,000
Legal Fees	6,000
Liability Insurance	24,000
Printing, Auditing, Other Professional Services & Direct Charges	8,000
Total	50,000

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency: Rancho Palos Verdes
 County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 435,434	\$ 199,684	\$ 635,118
F RPTTF	410,434	174,684	585,118
G Administrative RPTTF	25,000	25,000	50,000
H Current Period Enforceable Obligations (A+E):	\$ 435,434	\$ 199,684	\$ 635,118

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) 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 successor agency.

 Name Title
 /s/ _____
 Signature Date

Rancho Palos Verdes Recognized Obligation Payment Schedule (ROPS)

July 1, 2017 through June 30, 2018

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 17-18 Total	Bond Proceeds
1	1997 Tax Increment Bond	Bonds Issued On or Before 12/31/10	12/2/1997	12/2/2027	County of Los Angeles	Restructured debt to abate active landslides within the Project Area	Project Area 1	\$ 25,430,305	N	\$ 635,118	\$ -
3	Consolidated Loan from City	City/County Loan (Prior 06/28/11), Cash exchange	12/1/2003	11/27/2034	City of Rancho Palos Verdes	Loan from City to abate active landslides in the Project Area	Project Area 1	5,643,875	N	\$ 438,000	
7	Administration	Admin Costs - Litigation	1/1/2014	6/30/2014	Various	Administrative costs related to dissolution activities (staffing, legal, insurance, supplies, building & equipment, etc.)	N/A	10,575,036	N	\$ 147,118	
8	County Deferral of Tax Increment	Miscellaneous	11/1/1997	11/27/2034	County of Los Angeles	County deferral of tax increment it would otherwise receive pursuant to a Settlement Agreement	N/A	50,000	N	\$ 50,000	
9									N	\$ -	
10									N	\$ -	
11									N	\$ -	
12									N	\$ -	
13									N	\$ -	
14									N	\$ -	
15									N	\$ -	
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38									N	\$ -	
39									N	\$ -	
40									N	\$ -	

**Rancho Palos Verdes Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances
(Report Amounts in Whole Dollars)**

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 Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	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)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
ROPS 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)						439,716		
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016					25,847	135,741	6 payments of \$4,167 received for Portuguese Bend Note Receivable. Interest earnings of \$845.	
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)					25,847	131,941	Administration of \$1,591 + City Loan repayment of \$135,114 + Reconciliation to FY15-16 CAFR amount of \$21,083 (\$25,847 from "Other Funds" and \$131,941 from RPTTF).	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 15-16B RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,516		

CITY OF RANCHO PALOS VERDES

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

June 30, 2016

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund	
ASSETS		
Cash and investments	\$	443,516
Receivables:		
Interest		495
Notes		4,928
Prepaid items		311,875
		<hr/>
TOTAL ASSETS		760,814
		<hr/>
LIABILITIES		
Accounts payable and accrued liabilities		2,450
Short-term liability		
Due within one year - Portuguese Bend		96,384
Due within one year - Abalone Cove		85,234
Due within one year - bond payable		200,000
Long-term liabilities		
Due beyond one year - Portuguese Bend		6,966,986
Due beyond one year - Abalone Cove		3,344,729
Due beyond one year - bond payable		4,275,000
		<hr/>
TOTAL LIABILITIES		14,970,783
		<hr/>
NET POSITION (DEFICIT) HELD IN TRUST	\$	<u>(14,209,969)</u>

CITY OF RANCHO PALOS VERDES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2016

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 534,491
Use of money and property	<u>1,705</u>
TOTAL ADDITIONS	<u>536,196</u>
DEDUCTIONS	
Administration	24,106
Debt interest and fiscal charges	<u>764,913</u>
TOTAL DEDUCTIONS	<u>789,019</u>
CHANGE IN NET POSITION	<u>(252,823)</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(13,957,146)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (14,209,969)</u>

NOTE #14 – SUCCESSOR AGENCY

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On September 6, 2011, the City elected to serve as the Successor Agency of the Rancho Palos Verdes Redevelopment Agency.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. The City elected on February 21, 2012 to serve as the Housing Successor Agency. After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a special revenue fund in the financial statements of the City (City Low-Moderate Income Housing Fund).

All other assets, obligations, and activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the “RPTTF”) for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the redevelopment agency not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency’s enforceable obligations for the upcoming six-month period.

The process of making RPTTF deposits to be used to pay enforceable obligations of the dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the dissolved RDA have been liquidated.

Non-Liquid Assets

The following non-liquid assets are included in the records of the Successor Agency.

Note receivable from:

Portuguese Bend Club Homeowners Association	\$ 4,928
Prepaid item	<u>311,875</u>
Total Non-Liquid Assets	<u>\$316,803</u>

In 1999, the former Redevelopment Agency extended a \$750,000 construction loan to the Portuguese Bend Club Homeowners Association. The note is non-interest bearing, and is to be repaid in 180 equal installments beginning in July 2001. The Association is scheduled to continue making monthly payments of \$4,167 through August 2016, and the balance of the note receivable at June 30, 2016 is \$4,928.

Prior to redevelopment dissolution, the County of Los Angeles pursuant to a Memorandum of Understanding dated November 1, 1997 (discussed below) impounded property tax increment allocated to the former redevelopment agency for payment of debt owed to the County. The balance of the impounded tax increment not yet applied to debt at June 30, 2016 is \$311,875.

Debt Summary

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 7,039,876	\$ 125,010	\$ (101,516)	\$ 7,063,370	\$ 96,384
Abalone Cove	3,417,189	70,314	(57,541)	3,429,963	85,234
Due to County:					
Tax Increment Bond	4,655,000		(180,000)	4,475,000	200,000
Totals	\$ 15,112,065	\$ 195,324	\$ (339,057)	\$ 14,968,333	\$ 381,618

Consolidated Loan from City

The City entered into an agreement to provide the former Redevelopment Agency (RDA) operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA required in carrying out its function under the community redevelopment law. The former RDA was to repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue became available. Pursuant to redevelopment dissolution law, loans from cities to redevelopment agencies made more than two years after formation of the redevelopment agency are not recognized obligations. Therefore, the Consolidated Loan from the City has been previously disallowed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS). However, AB1484 provides a method to secure recognition of the City's Consolidated Loan as an obligation of the Successor Agency. Upon completion of various independent reviews and transfers of funds to Los Angeles County, the Successor Agency received a "Finding of Completion" on April 26, 2013. On December 11, 2013, the Oversight Board made a finding that the Consolidated Loan from the City was made for legitimate redevelopment purposes. City Management expects that \$221,483 of RPTTF revenue will be available for repayment of the City's Consolidated Loan during the fiscal year ended June 30, 2017. As required by dissolution law, twenty percent of the amount available will be deposited into the City's Low-Moderate Income Housing Fund.

On September 22, 2015, Governor Brown signed new legislation that became effective immediately. The new legislation requires accrued interest on city loans to be recalculated using a simple interest rate of 3%. Previously, accrued interest on the City's loan was calculated using historical Local Agency Investment Fund (LAIF) rates. At June 30, 2016, using historical LAIF rates, the loan balance was \$12,051,966. Under the new legislation, the loan balance is \$10,493,332.

	Principal	Interest	June 30, 2016 Balance
Portuguese Bend	\$ 4,166,997	\$2,896,373	\$ 7,063,370
Abalone Cove	2,343,807	1,086,155	3,429,962
Allowance from Successor Agency Receivable	(6,510,804)	(3,982,528)	(10,493,332)
Totals:	\$ -	\$ -	\$ -

Due to the uncertainty of Redevelopment Property Tax Trust Fund revenue available for future loan repayments, the City's loan receivable of \$10,493,332 has been completely offset with an allowance for uncollectable amounts on the City's financial statements.

Tax Increment Bond and Deferred Interest Payable

In July 1991, the former Redevelopment Agency received \$10,000,000 in loan proceeds (the Loan) from the County of Los Angeles (the County) upon the County's issue of Abalone Cove Improvement Bonds 2651-M pursuant to a Reimbursement and Settlement Agreement (the Agreement), dated October 27, 1987 in connection with the Horan Lawsuit. The Loan was made for the purpose of abating the Abalone Cove landslide. The settlement Loan was secured by property assessment liens in the Abalone Cove project area.

As stipulated by the parties to the Agreement, a portion of the Loan proceeds was used to repay a tax allocation and revenue anticipation promissory note issued to the County in the principal amount of \$1,450,000, plus accrued interest equal to \$179,244. A second portion of the proceeds was used to repay expenses advanced by the County in the amount of \$135,614. A third portion was used to repay certain loans from the City to the former Redevelopment Agency in the amount of \$787,340.

Per the terms of the Agreement, \$1,000,000 of the proceeds was deposited in the Abalone Cove Permanent Fund of the Joint Powers Improvement Authority. The remainder of the proceeds was accounted for in the former Redevelopment Agency's Abalone Cove Fund. Concurrent with the execution of the Agreement, the County deeded its title in the Abalone Cove Beach Park to the former Redevelopment Agency.

As part of the Agreement, the former Redevelopment Agency was required to transfer 17 percent of tax increment revenue to the Consolidated Fire Protection District of the County and 50.9 percent of tax increment revenue for debt repayment to the County. In accordance with the Agreement, the former Redevelopment Agency was to pay the Loan principal plus interest at 7.7654 percent over a 30-year period that began in 1992. However, these debt payments were to be deferred 10 years until the fiscal year ended June 30, 2002.

As part of the deferral arrangement, the accrued interest from the inception of the Loan through June 30, 2002, in the amount of \$7,314,944, was scheduled for

payment over a 20-year period beginning in the fiscal year ended June 30, 2002 with no additional interest. The remaining balance of \$10,274,119 was scheduled for payment to the County over a 20-year period beginning in the fiscal year ended June 30, 2002, with interest at 7.7654 percent.

On November 1, 1997, the City, the former Redevelopment Agency and the County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed to the County by the former Redevelopment Agency. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed to the County was cancelled. As consideration for the loan cancellation, the former Redevelopment Agency made a lump sum payment to the County in the amount of \$4,545,000 and issued a \$5,455,000 tax increment bond to the County (the bond). Of the \$4,545,000 lump sum payment, \$2,000,000 was paid from tax increment revenue and interest earnings accumulated in the Debt Service Fund. The remaining \$2,545,000 was funded by a combination of a loan from the General Fund of the City to the Agency for \$1,545,000 and a net operating transfer from the Agency's Abalone Cove Capital Projects Fund to the Debt Service Fund of \$1,000,000. The private property liens resulting from the formation of the bond assessment district in connection with the Reimbursement and Settlement Agreement in 1987 were discharged in accordance with the terms of the MOU.

The bond was issued as a conduit through the Improvement Authority to the County. No issuance costs were incurred. Future allocations of property tax to the Successor Agency will fund the payment of the bond debt and the deferred interest from the original Loan until paid in full. The principal of the bond began maturing in installments each December 2nd, commencing December 2, 2004. Interest accrues at a rate of 5 percent per annum and is payable in arrears each June 2nd and December 2nd.

Additionally, both the accrued interest and deferred interest on the \$10,000,000 Loan previously owed the County was retroactively recalculated from the Loan origination date at a rate of approximately 5 percent compared to 7.7654 percent per the original Agreement. The recalculated deferred interest was \$3,111,400. In accordance with the MOU, the recalculated deferred interest does not accrue additional interest. As of June 30, 2014, the balance of the deferred interest debt has been completely repaid.

The California Department of Finance has approved the Tax Increment Bond and Deferred Interest Payable as obligations of the Successor Agency.

The debt service schedule below summarizes all fixed principal and interest payments for the term of the bond. Because the payback period for the deferred interest amount will fluctuate depending on the availability of excess property tax revenue, no amounts have been included in the following schedule for repayment of the deferred interest.

Year Ending June 30,	Principal	Interest	Total
2017	\$ 200,000	\$ 218,750	\$ 418,750
2018	230,000	208,000	438,000
2019	255,000	195,875	450,875
2020	280,000	182,500	462,500
2021	310,000	167,750	477,750
2022-2026	2,085,000	530,000	2,615,000
2027-2028	1,115,000	84,750	1,199,750
Totals	<u>\$4,475,000</u>	<u>\$ 1,587,625</u>	<u>\$ 6,062,625</u>

<i>Cash Basis Summary by ROPS Period</i>	ROPS1 Feb-Jun 2012 Actual	ROPS2 Jul-Dec 2012 Actual	ROPS3 Jan-Jun 2013 Actual	ROPS13-14A Jul-Dec 2013 Actual	ROPS13-14B Jan-Jun 2014 Actual	ROPS14-15A Jul-Dec 2014 Actual	ROPS14-15B Jan-Jun 2015 Actual	ROPS15-16A Jul-Dec 2015 Actual	ROPS15-16B Jan-Jun 2016 Actual	ROPS16-17A Jul 2016 -Dec 2016 Estimate	ROPS16-17B Jan 2017 -Jun 2017 Estimate
Beginning Cash Balance	546,494	625,260	438,142	364,713	305,255	528,852	493,602	462,425	439,716	443,516	364,038
RPTTF Distributed to Successor Agency	118,818		273,017		252,364		-		135,741		
PBCHOA Repayments of Note Receivable (1)	20,835	20,844	29,166	25,002	25,002	25,002	25,002	25,002	25,002	4,928	-
Interest Income		394	738	397	418	504	641	625	845	750	750
Administrative Costs (staff, printing, insurance, audit fees, etc.)	(38,527)	(41,790)	(40,764)	(64,161)	(26,049)	(19,926)	(19,247)	(20,065)	-	(25,000)	(25,000)
Legal Costs	(5,072)	(11,721)	(4,546)	(20,696)	(9,307)	(4,373)	(792)	(4,328)	(1,591)	(5,000)	(5,000)
Parcel Assessments	(17,288)	(113)	(17,505)		(18,831)						
City's Consolidated Loan Repayment						(36,458)	(36,458)	(23,943)	(135,114)	(55,156)	(55,156)
Remit Excess Cash to State		(154,732)	(313,535)								
Reconciliation to CAFR						(324)			(21,083)		
Ending Cash Balance	625,260	438,142	364,713	305,255	528,852	493,602	462,425	439,716	443,516	364,038	279,633
Beginning County Impound Account Balance	291,532	546,560	306,806	753,144	432,225	419,963	452,848	638,144	341,769	311,875	106,875
County Impound Account Adjustment (2)									81,981		
RPTTF Impounded	381,653	379,481	569,963		935,713	424,510	598,046	111,875	311,875	106,875	336,875
1997 Tax Allocation Bond Interest	(126,625)	(126,625)	(123,625)	(123,625)	(120,250)	(120,250)	(116,375)	(116,375)	(111,875)	(111,875)	(106,875)
1997 Tax Allocation Bond Principal		(120,000)		(135,000)		(155,000)		(180,000)	-	(200,000)	
Deferred Interest Debt (paid-off in Nov 2013)		(372,610)		(62,294)							
Return to RPTTF for Distribution to Taxing Agencies					(827,725)	(116,375)	(296,375)	(111,875)	(311,875)		
Ending County Impound Account Balance	546,560	306,806	753,144	432,225	419,963	452,848	638,144	341,769	311,875	106,875	336,875
(1) The Successor Agency holds a note receivable from the Portuguese Bend Club Homeowners Association. The outstanding balance at June 30, 2016 was \$4,928. Staff expects that PBCHOA will pay-off the note in August 2016.											
(2) Based on County guidance, impound balance was adjusted down to \$311,875, which matches the figure in the FY15-16 CAFR.											

Financial Statement Reconciliation to ROPS Amounts			FY15-16 Change in Net Position
Description	Period	Amount	
RPTTF	ROPS15-16A	604,223	
Less: Fire District Pass-Thru 17%	ROPS15-16A	(102,718)	
Less: Low-Mod Housing 20%	ROPS15-16A	(120,845)	
Less: 1997 Tax Allocation Bond Payment	ROPS15-16A	(111,875)	
RPTTF	ROPS15-16B	1,121,807	
Less: Fire District Pass-Thru 17%	ROPS15-16B	(190,707)	
Less: Low-Mod Housing 20%	ROPS15-16B	(224,361)	
Less: 1997 Tax Allocation Bond Payment	ROPS15-16B	(311,875)	
Reconciliation to FY15-16 CAFR (FY 16-17 City Loan payment received in FY15-16)	ROPS15-16B	(129,158)	
Taxes			534,491
Interest Income	ROPS15-16A	344	
Interest Income	ROPS15-16B	1,361	
Interest Income			1,705
Administrative Costs	ROPS15-16A	(20,065)	
Administrative Costs	ROPS15-16B	(2,450)	
Legal Costs	ROPS15-16A	-	
Legal Costs	ROPS15-16B	(1,591)	
Prepaid Assessments	6/30/2015	-	
Carrying Cost of Land Transferred to City	6/30/2016	-	
Administration			(24,106)
1997 Tax Allocation Bond Interest	ROPS15-16A	(116,375)	
1997 Tax Allocation Bond Interest	ROPS15-16B	(111,875)	
City's Consolidated Loan Interest Accrual	FY15-16	(198,661)	
Impound Interest Expense	FY15-16	(341,769)	
Reconciliation to FY15-16 CAFR (Interest Savings tied to FY16-17 City Loan payment received in FY15-16)	FY15-16	3,767	
Debt Interest and fiscal charges			(764,913)
Change In Net Position			(252,823)

Schedule of City's Consolidated Loan FY15-16	Portuguese Bend	Abalone Cove	Total
City's Consolidated Loan June 30, 2015	7,039,876	3,417,189	10,457,065
Repayment from RPTTF	(101,516)	(57,541)	(159,057)
Interest Accrual	125,010	70,314	195,324
City's Consolidated Loan June 30, 2016	7,063,370	3,429,962	10,493,332

1997 Tax Allocation Bonds
Remaining Debt Service Schedule

	Total Payment	Interest Payment	Principal Payment	Principal Balance
6/30/2017	-	106,875		4,275,000
12/31/2017	336,875	106,875	230,000	4,045,000
6/30/2018	101,125	101,125		4,045,000
12/31/2018	356,125	101,125	255,000	3,790,000
6/30/2019	94,750	94,750		3,790,000
12/31/2019	374,750	94,750	280,000	3,510,000
6/30/2020	87,750	87,750		3,510,000
12/31/2020	397,750	87,750	310,000	3,200,000
6/30/2021	80,000	80,000		3,200,000
12/31/2021	425,000	80,000	345,000	2,855,000
6/30/2022	71,375	71,375		2,855,000
12/31/2022	451,375	71,375	380,000	2,475,000
6/30/2023	61,875	61,875		2,475,000
12/31/2023	476,875	61,875	415,000	2,060,000
6/30/2024	51,500	51,500		2,060,000
12/31/2024	501,500	51,500	450,000	1,610,000
6/30/2025	40,250	40,250		1,610,000
12/31/2025	535,250	40,250	495,000	1,115,000
6/30/2026	27,875	27,875		1,115,000
12/31/2026	562,875	27,875	535,000	580,000
6/30/2027	14,500	14,500		580,000
12/31/2027	594,500	14,500	580,000	-

Total Balance 5,643,875

City's Consolidated Loan to RDA

As of June 30 for the years:	LAIF Rate	Principal	Interest	Cumulative Balance
1990		1,279,152	0	1,279,152
1991	3.000%	318,400	47,927	1,645,479
1992	3.000%	165,000	52,877	1,863,355
1993	3.000%	133,000	56,867	2,053,222
1994	3.000%	133,000	60,857	2,247,078
1995	3.000%	457,000	74,567	2,778,645
1996	3.000%	435,000	87,617	3,301,261
1997	3.000%	250,000	95,117	3,646,378
1998	3.000%	200,000	101,117	3,947,494
1999	3.000%	700,000	122,117	4,769,611
2000	3.000%	250,000	129,617	5,149,228
2001	3.000%	0	129,617	5,278,844
2002	3.000%	0	129,617	5,408,461
2003	3.000%	0	129,617	5,538,077
2004	3.000%	0	129,617	5,667,694
2005	3.000%	0	129,617	5,797,310
2006	3.000%	0	129,617	5,926,927
2007	3.000%	0	129,617	6,056,544
2008	3.000%	0	129,617	6,186,160
2009	3.000%	0	129,617	6,315,777
2010	3.000%	0	129,617	6,445,393
2011	3.000%	0	129,617	6,575,010
2012	3.000%	0	129,617	6,704,626
2013	3.000%	0	129,617	6,834,243
2014	3.000%	0	129,617	6,963,859
2015	3.000%	-52,039	128,055	7,039,876
2016	3.000%	-101,516	125,010	7,063,369
2017	3.000%	-70,595	122,892	7,115,666
Total Portuguese Bend		4,096,401	3,019,265	
1998	3.000%	1,545,000	46,350	1,591,350
1999	3.000%	0	46,350	1,637,700
2000	3.000%	0	46,350	1,684,050
2001	3.000%	0	46,350	1,730,400
2002	3.000%	0	46,350	1,776,750
2003	3.000%	12,000	46,710	1,835,460
2004	3.000%	40,355	47,921	1,923,736
2005	3.000%	60,907	49,748	2,034,391
2006	3.000%	93,540	52,554	2,180,485
2007	3.000%	80,498	54,969	2,315,952
2008	3.000%	22,207	55,635	2,393,794
2009	3.000%	44,485	56,970	2,495,249
2010	3.000%	86,831	59,575	2,641,654
2011	3.000%	346,483	69,969	3,058,106
2012	3.000%	89,918	72,667	3,220,691
2013	3.000%	0	72,667	3,293,358
2014	3.000%	0	72,667	3,366,025
2015	3.000%	-20,876	72,040	3,417,189
2016	3.000%	-57,541	70,314	3,429,962
2017	3.000%	-39,716	69,123	3,459,370
Total Abalone Cove		2,304,092	1,155,278	
Grand Totals		6,400,493	4,174,543	10,575,036

AUDITOR-CONTROLLER, TAX DIVISION
RANCHO PALOS VERDES - R.P. #1 (Acct No 234.02)
County Deferral Balance

As of June	PRINCIPAL			CUMULATIVE TOTAL
	COUNTY	FLOOD	TOTAL	
1986	12,872.51	444.78	13,317.29	13,317.29
1987	35,103.59	1,212.92	36,316.51	49,633.80
1988	42,958.30	697.05	43,655.35	93,289.15
1989	69,370.54	3,184.22	72,554.76	165,843.91
1990	75,157.53	2,596.91	77,754.44	243,598.35
1991	147,445.36	5,094.65	152,540.01	396,138.36
1992	117,563.20	4,062.14	121,625.34	517,763.70
1993	157,892.23	5,455.61	163,347.84	681,111.54
1994	148,630.57	5,135.62	153,766.19	834,877.73
1995	138,339.53	4,780.02	143,119.55	977,997.28
1996	166,683.99	5,759.42	172,443.41	1,150,440.69
1997	179,718.37	6,209.78	185,928.15	1,336,368.84
1998	230,275.13	7,956.64	238,231.77	1,574,600.61
1999	244,012.93	8,431.34	252,444.27	1,827,044.88
2000	245,431.46	8,480.35	253,911.81	2,080,956.69
2001	284,904.94	9,844.29	294,749.23	2,375,705.92
2002	293,955.83	10,157.01	304,112.84	2,679,818.76
2003	341,096.01	11,785.86	352,881.87	3,032,700.63
2004	356,514.13	12,318.56	368,832.69	3,401,533.32
2005	363,753.48	12,568.72	376,322.20	3,777,855.52
2006	409,187.42	14,138.59	423,326.01	4,201,181.53
2007	438,488.05	15,150.98	453,639.03	4,654,820.56
2008	488,482.07	16,878.45	505,360.52	5,160,181.08
2009	541,814.80	18,721.28	560,536.08	5,720,717.16
2010	532,352.79	18,394.30	550,747.09	6,271,464.25
2011	519,492.71	17,949.92	537,442.63	6,808,906.88
2012 (July11-May12)	575,834.66	19,896.72	595,731.38	7,404,638.26
ROPS3 June2012-Dec2012	296,356.70	10,239.98	306,596.68	7,711,234.94
ROPS13-14A Jan2013-May2013	445,114.01	15,379.95	460,493.96	8,171,728.90
ROPS13-14B June2013- Dec2013	(337,186.46)	(12,023.46)	(349,209.92)	7,822,518.98
ROPS14-15A Jan2014-May2014	382,290.76	13,209.24	395,500.00	8,218,018.98
ROPS14-15B June2014-Dec2014	112,090.66	4,284.34	116,375.00	8,334,393.98
ROPS15-16A Jan2015-May2015	285,198.35	11,176.65	296,375.00	8,630,768.98
ROPS15-16B Jun2015-Dec2015	107,656.07	4,218.93	111,875.00	8,742,643.98
ROPS16-17A Jan2016-May2016	300,113.83	11,761.17	311,875.00	9,054,518.98
ROPS16-17B Jun2016-Dec2016	102,844.62	4,030.38	106,875.00	9,161,393.98
	<u>8,851,810.67</u>	<u>309,583.31</u>	<u>9,161,393.98</u>	



MEMORANDUM

TO: HONORABLE CHAIR AND MEMBERS OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE RANCHO PALOS VERDES REDEVELOPMENT AGENCY

FROM: DEBORAH CULLEN, FINANCE OFFICER *DC*

DATE: JANUARY 31, 2017

SUBJECT: PROPOSED REPAYMENT OF RECOGNIZED OBLIGATIONS

REVIEWED: DOUG WILLMORE, EXECUTIVE DIRECTOR

Staff Coordinator: Allan Kaufman, Senior Administrative Analyst *ak*

RECOMMENDATION

- 1) Review and discuss proposed repayment plans for current obligations.
- 2) Direct City Staff to prepare an amended Recognized Obligation Payment Schedule to be considered by the Oversight Board, and forwarded to the County and the State Department of Finance (DOF) by October 1, 2017.

BACKGROUND AND DISCUSSION

Since the City's former Redevelopment Agency (RDA) was dissolved on January 31, 2012, the following items have yet to be completed:

1. Continued repayment of the former RDA's debt to the County using proceeds from the Redevelopment Property Tax Trust Fund (balance of \$14,805,269 as of December 31, 2016).
2. Continued repayment of the former RDA's debt to the City (City Loan).

Changes to Redevelopment Dissolution Law

After a review of changes to the law, which took effect September 22, 2015, the following impacts to Rancho Palos Verdes have been identified:

- The interest on City loans must be recalculated using a prescribed flat interest rate

REDEVELOPMENT DISSOLUTION STATUS AND UPDATE

January 31, 2017

Page 2 of 4

of 3% (fiscal impact discussed below).

- The switch from local oversight boards to County oversight boards will occur July 1, 2018 (formerly July 1, 2016); and the Rancho Palos Verdes Oversight Board for redevelopment of the RDA will cease to exist at that time.
- Successor Agencies will have the option to produce a “Last and Final Recognized Obligation Payment Schedule” (ROPS). If the Last and Final ROPS is approved by the State DOF:
 - Annual ROPS will no longer be submitted to the DOF for approval;
 - City loans will be recalculated using a flat interest rate of 4% (vs. 3%); and
 - Repayments of City loans will be subject to a different formula, which may result in larger repayment installments for the City of Rancho Palos Verdes (discussed further below).

City Loan Repayment

As a Last and Final ROPS has not yet been submitted or approved by the DOF, the June 30, 2016 financial statements will reflect a loan balance of \$10,493,332, based upon the 3% fixed interest rate accrual. If a Last and Final ROPS is approved, the loan will be recalculated using simple interest rate of 4%, which will increase the accrued interest balance by about \$1.4 million, and increase the total balance to \$11,820,841.

The following table summarizes the accrued interest and loan balance amount as of June 30, 2016 for each scenario.

	Principal	Accrued Interest	City Loan Balance June 30, 2016
3% Interest Rate (After New Law)	\$6,510,804	\$3,982,528	\$10,493,332
4% Interest Rate (Last and Final ROPS)	\$6,510,804	\$5,310,037	\$11,820,841

If a Last and Final ROPS is prepared, the City's loan may be repaid using a formula included in the new dissolution law: 15% of Redevelopment Property Tax Trust Fund (RPTTF) money after enforceable obligations are paid.

REDEVELOPMENT DISSOLUTION STATUS AND UPDATE

January 31, 2017

Page 3 of 4

Calculation with Last and Final ROPS

Estimated FY17-18 RPTTF	\$1,866,875
State & County Fees	-31,494
Enforceable Obligations	
County Bond Payments	-344,000
Subtotal	\$1,491,381
Multiply by	15%
Estimated FY17-18 City Loan Repayment	\$223,707

Under the old law or new law, 20% of the repayment must be deposited into the City's Low-Moderate Income Housing Fund and the remaining 80% is deposited into the City's General Fund. The June 30, 2016 available balance in the City's Low-Moderate Income Housing Fund was \$92,397. The City has used its affordable housing funds in the past to extend a loan to a developer for a senior housing project, which included affordable units. The City has also used affordable housing funds to purchase condominiums, and re-sell them to low-moderate income residents. The City does not have the authority to re-purpose the Fund, or change the State law that requires 20% of the City's loan repayment to be deposited into the Fund.

County Bond and Deferred Tax Increment Repayment

The City currently owes approximately \$14.8 million in debt to the County. This amount has two components: County bonds of approximately \$5.6 million, which represent future payments through 2027; and the Deferred Tax Increment which are prior bond payments the County has made on the City's behalf since 1997. There is no approved repayment plan currently for this portion of the debt, which precludes the City from submitting a Last and Final ROPS. The Successor Agency would like to formerly introduce a repayment plan that will address all the recognized obligations as described below.

Proposed Repayment Schedules of Enforceable Obligations

At its November 23, 2015 meeting, staff presented three (3) repayment plans to the Successor Agency Board on how the City could repay the County bonds (including the Deferred Tax Increment) and the City Loan from RPTFF. Following this meeting, staff further reviewed the repayment schedules and recognized that the Memorandum of Understanding (MOU) the County Bond schedule is based upon needed to be updated to include a few legal provisions. Specifically, the MOU needed to be amended to address scenarios where the RPTTF growth rate applied in the repayment schedule is either not met or exceeds the stated amount. The County's legal counsel is currently reviewing the MOU and will notify the City how it intends to amend the MOU to address this matter. The City's legal counsel will then review the proposed amendment(s) and provide feedback if additional changes are needed. Once the amendments are agreeable to both parties,

REDEVELOPMENT DISSOLUTION STATUS AND UPDATE

January 31, 2017

Page 4 of 4

Staff will introduce the revised MOU to the Oversight Board for its approval. Staff is expecting to present the amended ROPS within the next few months as the State DOF's deadline to amend the ROPS is October 1, 2017. Subsequent to an amended ROPS being approved, Staff anticipates a Last & Final ROPS will be ready for submission in late 2017.

Attached to this report, staff has prepared three schedules to pay off the County bonds and the City loan with RPTTF. Under Scenarios 1 and 2, the County will repay itself from the balance of RPTTF remaining after the County bonds are paid. This would result in the City receiving no repayments until the majority of the County debt of \$14,805,269 (bond and Deferred Tax Increment amounts) is repaid in full. Under Scenario 3, the County would repay itself from RPTTF at a reduced amount compared to Scenarios 1 and 2. This would result in extending the repayment term on the County's total debt by seven (7) years. The advantage of this Scenario is that the City loan would be repaid earlier (three years and nine years respectively under Scenarios 1 and 2). **The City's preferred scenario is scenario 3.** At the time this report was written, the County had agreed in principal to repayment Scenario 3. A summary of each of the three repayment options is shown below.

REPAYMENT OPTIONS

	Scenario 1	Scenario 2	Scenario 3
RPTTF Assumed Growth Rate (%)	3.50%	4.00%	4.00%
City Loan and County Bond repayments made concurrently	No	No	Yes
County Bond Repayment Term	11 years (paid off in FY27-28)	11 years (paid off in FY27-28)	17 years (paid off in FY33-34)
County Bond (Deferred Tax Increment) Repayment Term	19 years (paid off in FY35-36)	19 years (paid off in FY35-36)	26 years (paid off in FY42-43)
City Loan Repayment Term	43 years (paid off in FY59-60)	40 years (paid off in FY56-57)	32 years (paid off in FY48-49)

Attachments

A - Property Value History in the Redevelopment Area (page 5)

B1 - 43-Year Illustration of RPTTF – Scenario 1 (page 6)

B2 - 40-Year Illustration of RPTTF – Scenario 2 (page 7)

B3 - 32-Year Illustration of RPTTF – Scenario 3 (page 8)



THE CITY OF RANCHO PALOS VERDES
TAX DISTRICT #1 REDEVELOPMENT PROJECT #1
NET TAXABLE ASSESSED VALUE HISTORY
 1997/98 - 2016/17 Taxable Property Values

Attachment A

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
1997/98	\$59,798,940	\$111,050	\$0	59,909,990	
1998/99	\$63,136,635	\$128,676	\$0	63,265,311	5.60%
1999/00	\$67,418,015	\$99,215	\$0	67,517,230	6.72%
2000/01	\$75,032,366	\$117,977	\$0	75,150,343	11.31%
2001/02	\$78,408,837	\$134,066	\$0	78,542,903	4.51%
2002/03	\$84,707,590	\$134,011	\$0	84,841,601	8.02%
2003/04	\$89,566,114	\$149,875	\$0	89,715,989	5.75%
2004/05	\$95,760,810	\$143,241	\$0	95,904,051	6.90%
2005/06	\$99,376,148	\$140,985	\$0	99,517,133	3.77%
2006/07	\$104,961,609	\$148,487	\$0	105,110,096	5.62%
2007/08	\$111,158,942	\$200,834	\$0	111,359,776	5.95%
2008/09	\$119,652,717	\$143,745	\$0	119,796,462	7.58%
2009/10	\$128,100,125	\$148,210	\$0	128,248,335	7.06%
2010/11	\$135,244,671	\$93,991	\$0	135,338,662	5.53%
2011/12	\$134,939,113	\$101,997	\$0	135,041,110	-0.22%
2012/13	\$152,167,030	\$98,363	\$0	152,265,393	12.75%
2013/14	\$165,513,185	\$167,502	\$0	165,680,687	8.81%
2014/15	\$179,650,712	\$156,176	\$0	179,806,888	8.53%
2015/16	\$184,413,560	\$157,460	\$0	184,571,020	2.65%
2016/17	\$193,265,146	\$126,170	\$0	193,391,316	4.78%

19 Year Average: 6.40%

Column		A	B	C	D	E	F	G	H
		Total RPTTF (1) (2)	County Admin Fees (2)	County Pass-Thru (50.9%)	Fire District Pass-Thru (17%)	County Bond Repayments	County Def Tax Incr Repay (3)	City Loan Repayment (4) G = (A-B-E-F) x 15%	Total Distributed to Taxing Entities (5)
FY17-18	Estimate	1,848,967	31,494	941,124	314,324	438,000	124,024	-	-
FY18-19	Estimate	1,913,681	32,439	974,064	325,326	450,875	130,978	-	-
FY19-20	Estimate	1,980,660	33,412	1,008,156	336,712	462,500	139,880	-	-
FY20-21	Estimate	2,049,983	34,414	1,043,441	348,497	477,750	145,880	-	-
FY21-22	Estimate	2,121,732	35,447	1,079,962	360,695	496,375	149,254	-	-
FY22-23	Estimate	2,195,993	36,510	1,117,760	373,319	513,250	155,153	-	-
FY23-24	Estimate	2,272,853	37,606	1,156,882	386,385	528,375	163,605	-	-
FY24-25	Estimate	2,352,403	38,734	1,197,373	399,908	541,750	174,637	-	-
FY25-26	Estimate	2,434,737	39,896	1,239,281	413,905	563,125	178,530	-	-
FY26-27	Estimate	2,519,953	41,093	1,282,656	428,392	577,375	190,437	-	-
FY27-28	Estimate	2,608,151	42,325	1,327,549	443,386	594,500	200,391	-	-
FY28-29	Estimate	2,699,436	43,595	1,374,013	458,904	-	822,924	-	-
FY29-30	Estimate	2,793,916	44,903	1,422,103	474,966	-	851,944	-	-
FY30-31	Estimate	2,891,704	46,250	1,471,877	491,590	-	881,987	-	-
FY31-32	Estimate	2,992,913	47,638	1,523,393	508,795	-	913,087	-	-
FY32-33	Estimate	3,097,665	49,067	1,576,712	526,603	-	945,284	-	-
FY33-34	Estimate	3,206,083	50,539	1,631,896	545,034	-	978,614	-	-
FY34-35	Estimate	3,318,296	52,055	1,689,013	564,110	-	1,013,118	-	-
FY35-36	Estimate	3,434,437	53,617	1,748,128	583,854	-	1,001,666	47,172	-
FY36-37	Estimate	3,554,642	55,225	1,809,313	604,289	-	-	524,913	560,902
FY37-38	Estimate	3,679,054	56,882	1,872,639	625,439	-	-	543,326	580,769
FY38-39	Estimate	3,807,821	58,588	1,938,181	647,330	-	-	562,385	601,337
FY39-40	Estimate	3,941,095	60,346	2,006,017	669,986	-	-	582,112	622,633
FY40-41	Estimate	4,079,033	62,156	2,076,228	693,436	-	-	602,532	644,682
FY41-42	Estimate	4,221,800	64,021	2,148,896	717,706	-	-	623,667	667,510
FY42-43	Estimate	4,369,563	65,942	2,224,107	742,826	-	-	645,543	691,145
FY43-44	Estimate	4,522,497	67,920	2,301,951	768,825	-	-	668,187	715,615
FY44-45	Estimate	4,680,785	69,958	2,382,519	795,733	-	-	691,624	740,950
FY45-46	Estimate	4,844,612	72,056	2,465,908	823,584	-	-	715,883	767,181
FY46-47	Estimate	5,014,174	74,218	2,552,214	852,410	-	-	740,993	794,338
FY47-48	Estimate	5,189,670	76,444	2,641,542	882,244	-	-	766,984	822,456
FY48-49	Estimate	5,371,308	78,738	2,733,996	913,122	-	-	793,886	851,567
FY49-50	Estimate	5,559,304	81,100	2,829,686	945,082	-	-	821,731	881,706
FY50-51	Estimate	5,753,880	83,533	2,928,725	978,160	-	-	850,552	912,910
FY51-52	Estimate	5,955,265	86,039	3,031,230	1,012,395	-	-	880,384	945,217
FY52-53	Estimate	6,163,700	88,620	3,137,323	1,047,829	-	-	911,262	978,666
FY53-54	Estimate	6,379,429	91,279	3,247,129	1,084,503	-	-	943,223	1,013,295
FY54-55	Estimate	6,602,709	94,017	3,360,779	1,122,461	-	-	976,304	1,049,149
FY55-56	Estimate	6,833,804	96,838	3,478,406	1,161,747	-	-	1,010,545	1,086,269
FY56-57	Estimate	7,072,987	99,743	3,600,150	1,202,408	-	-	1,045,987	1,124,699
FY57-58	Estimate	7,320,542	102,735	3,726,156	1,244,492	-	-	1,082,671	1,164,488
FY58-59	Estimate	7,576,761	105,817	3,856,571	1,288,049	-	-	1,120,642	1,205,682
FY59-60	Estimate	7,841,947	108,992	3,991,551	1,333,131	-	-	188,589	2,219,684
						5,643,875	9,161,394	18,341,094	

Notes:

- (1) Redevelopment Property Tax Trust Fund
- (2) Assumption is annual 4.0% increase for RPTTF and 3% increase for Fees.
- (3) Assumption is County consumes all available RPTTF to repay County's Deferred Tax Increment, leaving nothing for City Loan repayment or distribution to taxing entities.
- (4) City Loan Repayment - FY14-15 through FY16-17 are based on prior law. If Last and Final ROPS is approved, the payment formula changes in FY17-18.
- (5) Total Distributed to Taxing Entities - Includes prior period adjustments and residual distributions.

	Column	A	B	C	D	E	F	G	H
		Total RPTTF (1) (2)	County Admin Fees (2)	County Pass-Thru (50.9%)	Fire District Pass-Thru (17%)	County Bond Repayments	County Def Tax Incr Repay (3)	City Loan Repayment (4) G = (A-B-E-F) x 15%	Total Distributed to Taxing Entities (5)
FY17-18	Estimate	1,866,875	31,494	950,239	317,369	544,875	22,898	-	-
FY18-19	Estimate	1,941,550	32,439	988,249	330,063	450,875	139,924	-	-
FY19-20	Estimate	2,019,212	33,412	1,027,779	343,266	462,500	152,255	-	-
FY20-21	Estimate	2,099,980	34,414	1,068,890	356,997	477,750	161,929	-	-
FY21-22	Estimate	2,183,979	35,447	1,111,646	371,277	496,375	169,236	-	-
FY22-23	Estimate	2,271,339	36,510	1,156,111	386,128	513,250	179,339	-	-
FY23-24	Estimate	2,362,192	37,606	1,202,356	401,573	528,375	192,283	-	-
FY24-25	Estimate	2,456,680	38,734	1,250,450	417,636	541,750	208,110	-	-
FY25-26	Estimate	2,554,947	39,896	1,300,468	434,341	563,125	217,117	-	-
FY26-27	Estimate	2,657,145	41,093	1,352,487	451,715	577,375	234,476	-	-
FY27-28	Estimate	2,763,431	42,325	1,406,586	469,783	487,625	357,111	-	-
FY28-29	Estimate	2,873,968	43,595	1,462,850	488,575	-	878,949	-	-
FY29-30	Estimate	2,988,927	44,903	1,521,364	508,118	-	914,542	-	-
FY30-31	Estimate	3,108,484	46,250	1,582,218	528,442	-	951,573	-	-
FY31-32	Estimate	3,232,823	47,638	1,645,507	549,580	-	990,099	-	-
FY32-33	Estimate	3,362,136	49,067	1,711,327	571,563	-	1,030,179	-	-
FY33-34	Estimate	3,496,622	50,539	1,779,780	594,426	-	1,071,877	-	-
FY34-35	Estimate	3,636,486	52,055	1,850,972	618,203	-	1,115,257	-	-
FY35-36	Estimate	3,781,946	53,617	1,925,010	642,931	-	174,241	533,113	453,034
FY36-37	Estimate	3,933,224	55,225	2,002,011	668,648	-	-	581,700	625,640
FY37-38	Estimate	4,090,553	56,882	2,082,091	695,394	-	-	605,051	651,135
FY38-39	Estimate	4,254,175	58,588	2,165,375	723,210	-	-	629,338	677,664
FY39-40	Estimate	4,424,342	60,346	2,251,990	752,138	-	-	654,599	705,268
FY40-41	Estimate	4,601,315	62,156	2,342,070	782,224	-	-	680,874	733,992
FY41-42	Estimate	4,785,368	64,021	2,435,752	813,513	-	-	708,202	763,880
FY42-43	Estimate	4,976,783	65,942	2,533,182	846,053	-	-	736,626	794,979
FY43-44	Estimate	5,175,854	67,920	2,634,510	879,895	-	-	766,190	827,339
FY44-45	Estimate	5,382,888	69,958	2,739,890	915,091	-	-	796,940	861,010
FY45-46	Estimate	5,598,204	72,056	2,849,486	951,695	-	-	828,922	896,045
FY46-47	Estimate	5,822,132	74,218	2,963,465	989,762	-	-	862,187	932,499
FY47-48	Estimate	6,055,017	76,444	3,082,004	1,029,353	-	-	896,786	970,430
FY48-49	Estimate	6,297,218	78,738	3,205,284	1,070,527	-	-	932,772	1,009,897
FY49-50	Estimate	6,549,107	81,100	3,333,495	1,113,348	-	-	970,201	1,050,962
FY50-51	Estimate	6,811,071	83,533	3,466,835	1,157,882	-	-	1,009,131	1,093,690
FY51-52	Estimate	7,083,514	86,039	3,605,508	1,204,197	-	-	1,049,621	1,138,148
FY52-53	Estimate	7,366,854	88,620	3,749,729	1,252,365	-	-	1,091,735	1,184,405
FY53-54	Estimate	7,661,528	91,279	3,899,718	1,302,460	-	-	1,135,537	1,232,534
FY54-55	Estimate	7,967,990	94,017	4,055,707	1,354,558	-	-	1,181,096	1,282,612
FY55-56	Estimate	8,286,709	96,838	4,217,935	1,408,741	-	-	1,228,481	1,334,715
FY56-57	Estimate	8,618,177	99,743	4,386,652	1,465,090	-	-	143,059	2,523,634
						5,643,875	9,161,394	18,022,161	

Notes:

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		Total RPTTF (1) (2)	County Admin Fees (2)	County Pass-Thru (50.9%)	Fire District Pass-Thru (17%)	County Bond Repayments	County Def Tax Incr Repay (3)	City Loan Repayment (4) G = (A-B-E-F) x 15%	Total Distributed to Taxing Entities (5)
FY17-18	Estimate	1,866,875	31,494	950,239	317,369	250,000	94,000	223,707	66
FY18-19	Estimate	1,941,550	32,439	988,249	330,063	260,000	97,760	232,703	336
FY19-20	Estimate	2,019,212	33,412	1,027,779	343,266	270,400	101,670	242,059	625
FY20-21	Estimate	2,099,980	34,414	1,068,890	356,997	281,216	105,737	251,792	934
FY21-22	Estimate	2,183,979	35,447	1,111,646	371,277	292,465	109,967	261,915	1,264
FY22-23	Estimate	2,271,339	36,510	1,156,111	386,128	304,163	114,365	272,445	1,616
FY23-24	Estimate	2,362,192	37,606	1,202,356	401,573	316,330	118,940	283,398	1,991
FY24-25	Estimate	2,456,680	38,734	1,250,450	417,636	328,983	123,698	294,790	2,390
FY25-26	Estimate	2,554,947	39,896	1,300,468	434,341	342,142	128,645	306,640	2,815
FY26-27	Estimate	2,657,145	41,093	1,352,487	451,715	355,828	133,791	318,965	3,267
FY27-28	Estimate	2,763,431	42,325	1,406,586	469,783	370,061	139,143	331,785	3,747
FY28-29	Estimate	2,873,968	43,595	1,462,850	488,575	384,864	144,709	345,120	4,256
FY29-30	Estimate	2,988,927	44,903	1,521,364	508,118	400,258	150,497	358,990	4,797
FY30-31	Estimate	3,108,484	46,250	1,582,218	528,442	416,268	156,517	373,417	5,371
FY31-32	Estimate	3,232,823	47,638	1,645,507	549,580	432,919	162,778	388,423	5,979
FY32-33	Estimate	3,362,136	49,067	1,711,327	571,563	450,236	169,289	404,032	6,623
FY33-34	Estimate	3,496,622	50,539	1,779,780	594,426	467,742	176,000	420,266	7,304
FY34-35	Estimate	3,636,486	52,055	1,850,972	618,203	-	182,757	437,153	8,026
FY35-36	Estimate	3,781,946	53,617	1,925,010	642,931	-	189,568	454,717	8,789
FY36-37	Estimate	3,933,224	55,225	2,002,011	668,648	-	196,429	472,986	9,597
FY37-38	Estimate	4,090,553	56,882	2,082,091	695,394	-	203,330	491,989	10,450
FY38-39	Estimate	4,254,175	58,588	2,165,375	723,210	-	210,271	511,753	11,351
FY39-40	Estimate	4,424,342	60,346	2,251,990	752,138	-	217,252	532,311	12,303
FY40-41	Estimate	4,601,315	62,156	2,342,070	782,224	-	224,273	553,694	13,308
FY41-42	Estimate	4,785,368	64,021	2,435,752	813,513	-	231,334	575,935	14,369
FY42-43	Estimate	4,976,783	65,942	2,533,182	846,053	-	238,435	600,266	15,434
FY43-44	Estimate	5,175,854	67,920	2,634,510	879,895	-	245,576	626,697	16,504
FY44-45	Estimate	5,382,888	69,958	2,739,890	915,091	-	252,757	654,228	17,579
FY45-46	Estimate	5,598,204	72,056	2,849,486	951,695	-	260,000	682,959	18,660
FY46-47	Estimate	5,822,132	74,218	2,963,465	989,762	-	267,301	712,990	19,747
FY47-48	Estimate	6,055,017	76,444	3,082,004	1,029,353	-	274,652	744,321	20,840
FY48-49	Estimate	6,297,218	78,738	3,205,284	1,070,527	-	282,053	776,952	21,939
						5,643,875	9,161,394	14,709,417	

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