

Agenda Item A.1
PRESENTATION
Meeting Date: April 12, 2012

A.1 Approval of April 5, 2012 Oversight Board Meeting Minutes

**SPECIAL MEETING
OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE
DISSOLVED REDEVELOPMENT AGENCY
FOR THE
CITY OF GOLETA**

THURSDAY, APRIL 5, 2012

10:00 A.M. – 11:30 A.M.
City Hall
130 Cremona Drive, Suite B
Goleta, California

Board Members

Renée Bahl, Chair
Vyto Adomaitis, Vice Chair
Dan Eidelson
Brian Fahnestock, Board Member
Ralph Pachter, Board Member
Tina Rivera, Board Member
Chandra Wallar, Board Member

Selected By:

SB County Board of Supervisors (“BOS”)
Mayor, City of Goleta
BOS, Member of the Public Appointee
Chancellor of California Community Colleges
SB County Superintendent of Schools
Mayor, City of Goleta
BOS, acting as Board of Directors of the County
Fire Protection District
BOS, selection of a Member of the Public

CALL TO ORDER

The meeting was called to order at 10:08 A.M.

Present: Chair Bahl. Vice Chair Adomaitis, Board Members Eidelson, Fahnestock, Pachter, Rivera, and Wallar.

Absent: None.

Staff Present: Dan Singer, City Manager, Jaime Valdez, Senior Management Analyst and Deborah Constantino, City Clerk.

PUBLIC FORUM

None

A. PRESENTATION

A.1 Introduction of City Staff by City Manager

Staff:

Dan Singer, City Manager provided opening remarks on Goleta's Redevelopment Agency background and dissolution followed by the introduction of staff.

A.2 Overview of AB 1X 26 (Dissolution Bill on Redevelopment Agencies) and Purpose of Oversight Board

Staff:

Jaime Valdez, Senior Management Analyst provided a PowerPoint presentation containing an overview of AB1X26 (Dissolution Bill on Redevelopment Agencies) and the purpose of the Oversight Board.

B. DISCUSSION/ACTION ITEM

B.1 Selection of Oversight Board Chair and Direction to Staff Regarding Future Proceedings

Staff:

Jaime Valdez, Senior Management Analyst

Recommendation:

- A. Select a Chair among the members of the Oversight Board to the Successor Agency of the Dissolved Redevelopment Agency for the City of Goleta; and
- B. Provide direction to staff regarding future proceedings

MOTION: Board Members Pachter/Fahnestock nominated Renée Bahl to serve as the Chair to the Oversight Board to the Successor Agency of the Dissolved Redevelopment Agency for the City of Goleta.

VOTE: Approved by a unanimous voice vote.

MOTION: Board Members Rivera/Pachter nominated Vyto Adomaitis to serve as the Vice Chair to the Oversight Board to the Successor Agency of the Dissolved Redevelopment Agency for the City of Goleta.

VOTE: Approved by a unanimous voice vote.

MOTION: Board Members Wallar/Pachter to nominate Vice Chair Adomaitis and Board Member Eidelson to serve as the committee to bring both the recommendation and the individual back to the Oversight Board to the Successor Agency of the Dissolved Redevelopment Agency for the City of Goleta to hire outside legal Counsel at the April 12, 2012 meeting for consideration.

VOTE: Approved by a unanimous voice vote.

MOTION: Board Members Wallar/Pachter moved to use City staff to staff the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta.

VOTE: Approved by a unanimous voice vote.

MOTION: Board Members Eidelson/Wallar to adopt a less formal fashion without the adoption of formal policies or procedures for the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta.

VOTE: Approved by a unanimous voice vote.

B.2. Approve the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS)

Recommendation:

Adopt resolution No.12-__ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) pursuant to Health and Safety Code 34177"

Staff:

Jaime Valdez, Senior Management Analyst provided an overview on the request to approve the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS).

The Oversight Board moved back to item B.2 to provide directions to staff regarding future proceedings in regard to outside legal counsel, staffing of the Oversight Board and Board procedures.

At the conclusion of this item it was the consensus of the Oversight Board to continue this item to the April 12, 2012 meeting in order to receive more information on general questions provided to staff.

C. BOARD MEMBER COMMENTS

The Oversight Board:

- Provided a list of questions to staff for follow up at the next meeting of April 12, 2012 (list on file).
- Scheduled the next Oversight Board meeting to occur on April 12, 2012, 10:00 A.M. to 1:00 P.M. at the City of Goleta Council Chamber; and
- Provided recommendations for consideration at the April 12, 2012 meeting.

D. ADJOURNMENT AT 12:09 P.M.

Agenda Item B.1
DISCUSSION/ACTION ITEM
Meeting Date: April 12, 2012

TO: Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

FROM: Jaime Valdez, Senior Management Analyst

SUBJECT: Selection of Outside Legal Counsel

RECOMMENDATION:

- A. Select James Casso of Meyers Nave as legal counsel pursuant to the recommendations of the Oversight Board's subcommittee, and
- B. Authorize the Goleta City Manager to execute a legal services agreement with outside counsel, or
- C. Provide alternate direction to staff

BACKGROUND:

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 26 and invalidating Assembly Bill 1X 27 (the legislation that would have permitted redevelopment agencies to continue operation if their sponsoring jurisdiction agreed to make certain payments for the benefit of schools and special districts). As part of the California Supreme Court's ruling, all effective dates or deadlines for AB 1X 26 occurring prior to May 1, 2012 are to take effect four months later. As a result, all California redevelopment agencies were dissolved, effective February 1, 2012.

On January 17, 2012 the City of Goleta took formal action to assume the role of Successor Agency both for housing and non-housing functions needed to wind down the affairs of the Dissolved (former) Redevelopment Agency for the City of Goleta.

On April 5, 2012 the Oversight Board of the Successor Agency had its first meeting. One of the immediate requests from Board Members was to retain outside legal counsel to represent the Oversight Board. The Successor Agency is represented by the City of Goleta's City Attorney and special outside counsel and as such legal services are included in the Successor Agency's Proposed Administrative Budget. The Oversight Board set up a subcommittee comprised of Vice-Chair Adomaitis and Board Member Eidelson to consider and recommend outside legal counsel. Successor Agency's Counsel provided a list of qualified attorneys for consideration.

DISCUSSION:

Successor Agency's Counsel contacted five (5) municipal law professionals with redevelopment law and public entities experience. One (1) firm did not respond. One (1) had a potential conflict of interest. One (1) was unavailable in the timeframe requested by the Board. The subcommittee therefore reviewed two proposals and from them selected James Casso of Meyers Nave to serve as legal counsel to the Oversight Board. Mr. Casso's Letter of Interest is herein attached to this staff report as Attachment 1. Mr. Casso has made arrangements to attend this April 12th meeting.

The decision to retain outside legal counsel entails additional costs beyond those included in the Administrative Budget provided for in the Successor Agency's Proposed Administrative Budget. Staff recommends entering into an agreement for legal services in an amount not-to-exceed \$20,000 for a limited term of 1 year.

FISCAL IMPACTS:

Soft costs related to staff time have been accounted for in the Successor Agency's Proposed Administrative Budget. However the decision to seek outside legal counsel comes with the need to reflect such expenses in the Uncertified Recognized Obligation Payment Schedule (ROPS) to be approved by the Oversight Board. This has been added as a line item to the Modified Uncertified ROPS that will be considered by the Oversight Board for approval as part of Item B.3.

ALTERNATIVES:

The Oversight Board could decide not to accept the recommendations of the subcommittee, or provide staff with alternative direction.

Approved By:

Daniel Singer
City Manager

ATTACHMENTS

1. Letter of Interest from Meyers Nave, dated April 6, 2012

ATTACHMENT 1

**Letter of Interest from Meyers Nave
Dated April 6, 2012**



633 West Fifth Street, Suite 1700
Los Angeles, California 90071
tel 213.626.2906
fax 213.626.0215
www.meyersnave.com

James M. Casso
Attorney at Law
jcasso@meyersnave.com

April 6, 2012

VIA ELECTRONIC AND U.S. MAIL

Tim W. Giles
City Attorney
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

Re: Legal Counsel for Oversight Board to the City of Goleta's Successor Agency

Dear Tim:

Thank you for calling me yesterday about my interest in serving as legal counsel for the Oversight Board to the City of Goleta's Successor Agency ("Successor Agency"). On behalf of Meyers Nave, I am pleased to present this letter of interest to you for your consideration.

As you know, oversight boards are charged with supervising the activities of successor agencies and in ensuring that assets from former redevelopment agencies are appropriately distributed to taxing entities. Currently, I am assisting the County of Los Angeles in its appointments of individuals to nearly 70 oversight boards. I also have extensive experience in representing redevelopment agencies in Los Angeles, Santa Barbara, San Luis Obispo and Monterey counties. My resume is enclosed for your reference.

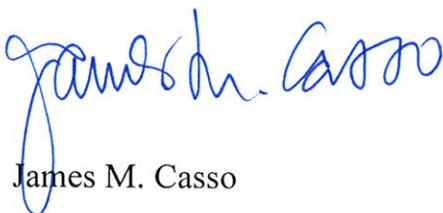
In addition to my intimate understanding of redevelopment law and the function of redevelopment agencies, another core advantage I would like to highlight is our firm's institutional knowledge. Having served public agencies for over 25 years, our 80-plus attorneys have seen, researched and dealt with many of the issues our clients face, giving us a broad and comprehensive perspective on many different challenges, including the new challenges brought forth with the disbandment of redevelopment agencies. In the past year, we have assisted many of these agencies transition in response to Assembly Bill x1 26.

Today, our attorneys are guiding public agencies in the post redevelopment world. In fact, we recently held a complimentary four-part webinar series on economic development in the aftermath of redevelopment agencies, attended by hundreds of public agency staff and officials throughout the state. We have also been asked by cities to advise in both general and special counsel capacities regarding the responsibilities of their successor agencies and oversight boards. Key to our delivery in these endeavors is our full-service model—the very basis of our firm's founding. Now more than ever, this model has proved vital in helping public agencies tackle multiple issues simultaneously in response to the state's decision to dissolve redevelopment agencies.

To represent the Oversight Board for the City of Goleta, we propose an hourly rate of \$275 for Principal services and \$235 for Associate services. Given the depth of our team as well as the firm, we strongly believe the City can rely on us to ultimately deliver services efficiently with legal solutions that are practical, creative and innovative.

Thank you for consideration of Meyers Nave. Please do not hesitate to contact me at any time to discuss this engagement further.

Very truly yours,



James M. Casso

Enclosure: Resume

1854202.1



James M. Casso
Principal

633 West Fifth Street, 17th Floor
Los Angeles, CA 90071

T: 213.626.2906
F: 213.626.0215
jcasso@meyersnave.com

Practice Groups

Municipal and Special District Law

Redevelopment, Real Estate and
Affordable Housing

Crisis Management: Public Policy, Ethics
and Investigations

California Bar Number

146423

Education

Georgetown University, JD
University of California San Diego, BA

Practicing Since: 1990

James (Jamie) Casso serves as the Principal in Charge of Meyers Nave's Los Angeles office. His practice focuses on providing counsel to cities and other public agencies throughout Southern California. In 2011, Jamie was selected by the *Daily Journal* as one of California's "Top 25 Municipal Lawyers."

He brings to the firm an in-depth knowledge of all aspects of public law and redevelopment law. As a city attorney, he provides advice and representation on a broad range of legal issues faced on a daily basis by public agencies, including matters involving local agency election law, the Brown Act, the Public Records Act and the Political Reform Act. As redevelopment counsel, Jamie has handled substantive matters involving: real property development; mixed-use development; low and moderate housing; public-private partnerships; environmental agreements and remediation; and the purchase, sale, lease and financing agreements that involve complex land use, planning and zoning issues.

Jamie serves as Interim City Attorney for the City of La Puente and as Special Counsel to the successor agency to the former South El Monte Community Development Commission, the former La Puente Community Development Commission, the former Community Redevelopment Agency of the City of Guadalupe, the former Redevelopment Agency of the City of Pismo Beach and the former Community Development Agency of King City. He served as Special Counsel to the City of Inglewood Redevelopment Agency.

In August 2010, Jamie was hired by the City of Bell to serve as its Interim City Attorney to deal with the myriad of issues facing the City and to assist in the corruption investigation of the practices of Bell's former administration. Through his efforts, the City of Bell implemented open and transparent practices as well as revealing the corruption. Jamie also drafted two legislative proposals that were unanimously

adopted by the State Legislature addressing some of the problems facing Bell. In addition, Jamie has provided insightful consultation to a bipartisan group of state legislators seeking to address many of the issues learned from his experience in Bell.

From 2007 to 2010, Jamie served as General Counsel to the Water Replenishment District of Southern California and from 2001 to 2007, he was the City Attorney and Redevelopment Agency Counsel for the City of Pico Rivera.

Jamie also served as the long-time Chief of Staff for former U.S. Congressman Esteban E. Torres, gaining more than 30 years of public policy experience and knowledge. During his tenure with Congressman Torres, he spearheaded the formation of federal funding legislation aimed at addressing public transportation projects throughout California, but particularly in Southern California. He was the Congressman's chief advisor in the development of legislation dealing with the clean-up of groundwater contamination in the San Gabriel Valley and related conjunctive use and groundwater storage agreements involving the Bureau of Reclamation and the Department of the Interior. Jamie has an intimate understanding of the federal and state legislative and regulatory processes as well as federal transit issues. He regularly consults with state and federal elected officials on public policy matters of local concern.

Jamie has represented several public and private entities before federal, state and local elected officials and agencies. He is known for developing pragmatic solutions to complex problems, and he has longstanding working and personal relationships with elected officials in California and Washington, D.C.

Representative Experience

- Served as lead special counsel to the Inglewood Community Development Commission in the redevelopment of the Hollywood Park Racetrack. The Hollywood Park Tomorrow project is a \$2 billion development project that includes a vast mixed-use community on 238 acres. Jamie drafted the owner's participation agreement and redevelopment plan amendment. He also assisted in drafting the development agreement. In cooperation with attorneys in Meyers Nave's Land Use Practice Group, he also advised Inglewood on extensive California Environmental Quality Act (CEQA) issues associated with the Environmental Impact Report.
- *La Puente Community Development Commission v. Gudzunas et al.* Worked to successfully acquire a large parcel of blighted property for the CDC's first redevelopment project in downtown La Puente. The project involved close coordination with Meyers Nave's Eminent Domain and Inverse Condemnation Practice Group. Ultimately, the CDC saved in excess of \$2 million.
- *Citizens for Political Responsibility v. City of Pico Rivera et al.* Successfully defended the City in this lawsuit that challenged the City's compliance with CEQA in the development of a Wal-Mart Supercenter.
- *Smith et al. v. City of Pico Rivera et al.* Worked with Deborah Fox, a Meyers Nave litigator, in this federal lawsuit that challenged Pico Rivera's adult use zoning ordinance. The lawsuit resulted

in the issuance of a federal consent decree requiring an adult strip club to leave Pico Rivera in 2009 and validating the constitutionality of Pico Rivera's zoning ordinance.

- *CD&C (DBA Century Development Construction Company) v. Pert Construction et al.* Represented the City of La Puente in this construction defects and breach of contract case, which resulted in recovery of nearly \$3.15 million from the prime contractor and subcontractors. This case involved the construction of a \$2.5 million new youth learning activity center.
- Provided legal counsel to the cities of Lynwood and La Puente during the lengthy and comprehensive update of their respective general master plans.
- Served as lead legal counsel to the City of La Puente during its successful formulation and adoption of its redevelopment project area in 2004.
- Served as lead counsel assisting the City of South El Monte's Redevelopment Agency in adopting its first affordable housing and mixed-used project for seniors in early 2007.
- Assisted the redevelopment agencies of the Cities of La Puente, South El Monte and Pico Rivera in seeking "Polanco Immunities" in the clean-up of contaminated sites within the redevelopment project areas. Jamie worked with city staff to engage regulatory agencies—including the State and Regional Water Quality Control boards, the Southern California Air Quality Management District, and the State Department of Toxic Substances Control—in initiating the Polanco process.

Professional Affiliations

- Member, The State Bar of California
- Member, League of California Cities, City Attorney Department
- Member, California Redevelopment Association
- Member, Board of Directors, New Bedford Panoramex
- Member, Board of Directors, California Polytechnic University, Pomona, Partners in Education
- Former Member, Board of Directors, Citrus Valley Health Partners

Presentations and Publications

- Lorman Education Services lecturer on the Brown Act, Public Records Act and Political Reform Act
- Lecturer for the California Special Districts Association on AB 1234 compliance
- Lecturer on AB 1234, Ethics for Local Agency Officials and AB 1825, Sexual Harassment Prevention Training for Local Agency Officials
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Agenda Item B.2
DISCUSSION/ACTION ITEM
Meeting Date: April 12, 2012

TO: Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

FROM: Jaime Valdez, Senior Management Analyst

SUBJECT: Santa Barbara County Auditor/Controller Presentation on Agreed Upon Procedures (AUP) Audit and Pass-Through Payments

RECOMMENDATION:

- A. Receive presentation from Santa Barbara County Auditor/Controller on Agreed Upon Procedures (AUP) Audit and Pass –Through Payments.

BACKGROUND:

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 26 and invalidating Assembly Bill 1X 27 (the legislation that would have permitted redevelopment agencies to continue operation if their sponsoring jurisdiction agreed to make certain payments for the benefit of schools and special districts). As part of the California Supreme Court's ruling, all effective dates or deadlines for AB 1X 26 occurring prior to May 1, 2012 are to take effect four months later. As a result, all California redevelopment agencies were dissolved, effective February 1, 2012.

On January 17, 2012 the City of Goleta took formal action to assume the role of Successor Agency both for housing and non-housing functions needed to wind down the affairs of the Dissolved (former) Redevelopment Agency for the City of Goleta.

On April 5, 2012 the Oversight Board ("Board") of the Successor Agency had its first meeting. One of the requests from Board Members was to attain further clarity on pass-through payments from the Santa Barbara County Auditor/Controller's Office ("SBCACO"). The SBCACO, who was in the audience at the April 5th meeting, agreed to present information on agreed-upon procedures (AUP) audit and pass-through payments at the Board's April 12th meeting.

FISCAL IMPACTS:

Soft costs related to staff time have been accounted for in the Successor Agency's Proposed Administrative Budget.

ALTERNATIVES:

The Oversight Board could decide not to receive the presentation from the County Auditor/Controller's Office, or provide staff with alternative direction.

Approved By:

Daniel Singer
City Manager

ATTACHMENTS

Agenda Item B.3
DISCUSSION/ACTION ITEM
Meeting Date: April 12, 2012

TO: Members of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta

FROM: Jaime Valdez, Senior Management Analyst

SUBJECT: Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS)

RECOMMENDATION:

- A. Adopt Resolution No.12-__ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta approving the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) pursuant to Health and Safety Code 34177," as submitted; or
- B. Adopt Resolution with modifications to Uncertified ROPS; or
- C. Take no action at this time

BACKGROUND:

On December 29, 2011, the California Supreme Court issued an opinion in *California Redevelopment Association v. Matosantos*, upholding Assembly Bill 1X 26 ("AB 26") and invalidating Assembly Bill 1X 27 (the legislation that would have permitted redevelopment agencies to continue operation if their sponsoring jurisdiction agreed to make certain payments for the benefit of schools and special districts). As part of the California Supreme Court's ruling, all effective dates or deadlines regarding AB 26 occurring prior to May 1, 2012 are to take effect four months later. As a result, all California redevelopment agencies were dissolved, effective February 1, 2012.

Except for those powers repealed or limited by AB 26, the authority and obligations of a community's dissolved redevelopment agency, along with all of its assets, property, contracts, leases, books and records are transferred to and thereafter vested in the "successor agency." The successor agency's activities are subject to review and approval by an oversight board. The oversight board is comprised of seven political appointees from affected local taxing entities and the community.

On January 17, 2012 the City of Goleta took formal action to assume the role of Successor Agency both for housing and non-housing functions needed to wind down the affairs of the dissolved Redevelopment Agency for the City of Goleta.

On February 21, 2012 the City of Goleta, Serving as the Successor Agency to the dissolved Redevelopment Agency for the City of Goleta, pursuant to Health and Safety Code (“HSC”) Section 34177 adopted Resolutions No. 12-09 and 12-10. Resolution No. 12-09 approved and adopted a Proposed Administrative Budget Pursuant to HSC Section 34177(j). Similarly, Resolution No. 12-10 approved and adopted an Initial Draft of the Recognized Obligation Payment Schedule Pursuant to Health and Safety Code Section 34177 (l).

On April 5, 2012 the Oversight Board of the Successor Agency (“Board”) had its first meeting. The foci of the Board meeting centered on issues of timelines related to the implementation of AB 1X 26 from the Successor Agency’s and Board’s perspective as well as a request to retain outside (independent) legal counsel to represent the Board. Correspondingly, the Board requested that staff include expenditures for such outside legal expenses in a Modified Uncertified ROPS. Also at the April 5th Board meeting, direction was provided to staff to redo the order of enforceable obligations in a Modified Uncertified ROPS so as to begin with “easier items first.”

DISCUSSION:

AB 1X 26—Timeline and Questions

AB 1X 26 has a number of dates related to its implementation. A matrix of important dates related to the Successor Agency and Oversight Board actions are included as Attachment 1.

At the April 5, 2012 Board meeting, Board Members also posed a number of questions regarding the former Goleta RDA, Oversight Board itself, and the Successor Agency. These questions along with responses in italics are included in Attachment 2.

Moreover, for the Board’s convenience, staff has prepared a presentation on Historical CIP Projects in the former RDA Project Area (Attachment 3).

Uncertified ROPS

The Board requested that staff address each line item #1 in the Uncertified ROPS so as to consider and possibly approve each item in order.

1) Outside (Independent) Legal Counsel—Addition

The decision to retain outside legal counsel entails additional costs beyond those included in the Administrative Budget provided for in the Successor Agency’s Proposed Administrative Budget. Staff has thus added a separate line item related to outside legal counsel for the Board and has estimated that an agreement for legal services would be for an amount not-to-exceed \$20,000 for a limited term of 1 year.

2) *Administrative Cost Allowance*

The Successor Agency has estimated an Administrative Budget of \$129,000 from February 1, 2012 through June 30, 2012 (end of FY 11-12). This budget includes costs associated with administering the Successor Agency's housing and non-housing activities as well as costs associated with Successor Agency. The budget, however, did not anticipate appropriate expenses related to the Oversight Board. This budget amount is listed in the aforementioned Uncertified Successor Agency ROPS and is based on the amount approved by the Successor Agency via Resolution 12-09.

3) *Compensated Leave Liability—Addition*

This item accounts for the compensated absences for which employees will be paid, such as vacation and sick leave. The compensated leave liability through the end of the RDA's existence (pay period ending 1/27/2012), has been added to the ROPS and comes to \$31,233.

4) *Bond Trustee Services—Reduction*

As part of the Issuance of the 2011 Tax Allocation Bonds, there is a required payment to the Bond Trustee. Principal, and interest on the Bonds are payable by the Trustee to The Depository Trust Company ("DTC"), New York, New York., which is obligated in turn to remit such amounts to DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. The payment to the Trustee has already been made in the amount of \$1,995. This amount will replace the initially budgeted amount of \$5,000 listed on the ROPS, for a corresponding reduction of \$3,005.

5) *Braddock House*

On October 5, 2010 the Goleta RDA entered into a one-time \$200,000 forgivable loan agreement with Surf Development Company for the Braddock House Project. As per the signed agreement, so long as Surf is not in default under the loan agreement or any of the loan documents, and provided the affordability restrictions and notice of affordability are recorded against the property, then the loan shall be forgiven in increments over the fifty-five (55) year period covered by the affordability restrictions. The Braddock House serves 4 very-low income developmentally disabled adults. Since conditions for disbursement of LMI funds for the Braddock House were fulfilled, funds were released in March 2012. This obligation no longer exists, but must be reflected in the ROPS reporting period.

6) Sumida Gardens, L.P.

On November 19, 2007 the Goleta RDA entered into an affordable housing assistance agreement with Sumida Family, L.P. for the provision of 34 affordable units available to very-low, low, and moderate income households for a period of 55 years as implemented by the Rental Restrictive Covenant recorded on the property.

The total amount of financial assistance to be provided by the Goleta RDA to the developer under the agreement is not to exceed Six Million Six Hundred Twenty-Five Thousand Six Hundred Dollars and No Cents (\$6,625,600.00), plus interest accrued as provided in the agreement. The outstanding principal balance of the reimbursement shall bear interest at a rate of five percent (5%) per annum commencing on July 1, 2008 and continuing thereafter, compounding semi-annually (in the months corresponding with Agency's semi-annual receipt of tax increment), for eleven (11) years (June 30, 2019). Commencing on July 1, 2019, the outstanding principle balance shall bear interest at a rate of seven percent (7%) per annum, compounding semi-annually (in the months corresponding with Agency's semi-annual receipt of tax increment), until the outstanding balance of principal and accrued interest is paid in full.

On January 28, 2008 an assignment and assumption agreement was entered into by and between Sumida Family, L.P. and Sumida Gardens, L.P. This assignment was a permitted transfer and pre-approved by the City of Goleta and the Goleta RDA as applicable in the Development Agreement, Affordable Housing Assistance Agreement, and the Rental Restrictive Covenant.

7) Debt Service

On February 24, 2011 the following actions took place in order to complete the issuance of the 2011 Tax Allocation Bonds by the Goleta RDA.

- The City of Goleta approved the issuance by the Redevelopment Agency for the City of Goleta of the Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds.
- The Goleta RDA authorized the issuance of "its Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds."
- The Goleta Financing Authority authorized the Purchase and Sale of the Redevelopment Agency for the City of Goleta, Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds.

March 8, 2011, the successful closing of Goleta RDA's 2011 Tax Allocation Bonds occurred. The Bonds required the proceeds to be applied by the Agency to (i) construct and acquire certain capital improvements of benefit to the Agency's Project Area, (ii) fund a reserve fund for the Bonds and (iii) pay costs of issuance.

As memorialized in the Official Statement, the net proceeds of the Bonds will be used for some or all of the projects. The actual timing and scope of the projects are in various stages of planning, development and construction and cannot be guaranteed. It is possible that one or more of the projects described below may not occur.

San Jose Creek Channel Improvement. The San Jose Creek Capacity Improvement Project will increase the capacity of the channel and decrease the likelihood of flooding in the downtown Goleta area along Hollister Avenue which is within the Project Area. This project is expected to remove a significant number of parcels out of the FEMA flood plain. The current capacity of San Jose Creek Channel is insufficient to accommodate a 100 year flood storm event. As a result, during lesser events, flood waters have traditionally broken out at Hollister Bridge and caused significant flooding damage in Goleta Old Town. The project includes replacing the existing Hollister Avenue Bridge over San Jose Creek, and replacing the existing 4,250 foot long channel with a wider channel with an articulated concrete revetment bottom with an internal fish passage channel.

Ekwill/Fowler Road Extension. The Ekwill/Fowler Road Extension Project is designed to decrease traffic in downtown Goleta within the Project Area by creating alternative routes to the South of Hollister Avenue. The new streets will span from Kellogg Avenue to Fairview Avenue, contain two lanes with left turn pockets, Class II bikeways, and sidewalks. The project will also install two roundabouts on Hollister Avenue east and west of SR 217. This project will relieve regional congestion, improve traffic circulation in Goleta Old Town, enhance bicycle & pedestrian safety, and improve access within Goleta Old Town and to the airport.

Hollister Avenue Reconstruction. The purpose of the Hollister Avenue Reconstruction Project is to create a more efficient flow of traffic, improve drainage, make sidewalk and parking improvements, accommodation of alternative transportation, enhance safety lighting and add visual appeal to the area with the addition of landscaped medians, sidewalk amenities and other landscaping which will increase the overall appeal of the area and draw new customers to local businesses. The Hollister Corridor within the Project Area experiences major traffic congestion due to a number of factors: local and regional through traffic, driveways along Hollister Avenue that have poor visibility, and on-street parking that slows drivers in the right lane due to safety concerns for persons exiting parking vehicles.

The Bonds which mature on or before December 1, 2016 are not subject to optional redemption. The Bonds which mature on and after December 1, 2017, are subject to redemption, at the option of the Agency on any date on or after December 1, 2016, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the par amount of the Bonds being so redeemed, without premium, together with accrued interest to the date fixed for redemption.

8) CIP Cooperation Agreement

On June 16, 2009 the City of Goleta and the Goleta RDA entered into a Cooperation

Agreement whereby the RDA agreed to pay for costs of the identified capital improvement projects in the Redevelopment Project Area.

Separately, on October 5, 2010 the City of Goleta and the Santa Barbara County Flood Control & Water Conservation District ("Flood Control District") entered into a Cooperative Agreement for Construction of Improvements on San Jose Creek whereby the Flood Control District committed \$5,000,000 toward the City's construction of the project.

The existing obligation, pursuant to the 2009 Cooperation Agreement between the City and RDA, is supported by the 2010 Cooperative Agreement with the County Flood Control, and the assurances to the bond holders in terms of how the bond proceeds are to be used.

The \$8,395,089 amount on the ROPS is the estimated balance on the Cooperation Agreement derived by taking the Cooperation agreement figure of \$24,397,000 less payment made of \$16,001,911 made in FY 10/11.

ROPS Deadline

Prior to the March 1, 2012 deadline, the aforementioned Resolution No. 12-10 adopted by the City of Goleta, as Successor Agency, satisfied the need to prepare the initial draft of the ROPS covering the period from February 1, 2012 through June 30, 2012. It has been submitted to the SB County Auditor/Controller's Office for review and certification as to its accuracy in order for it to be considered a "Certified ROPS."

HSC Section 34177 states that the Certified ROPS is then supposed to be submitted to and duly approved by the Oversight Board and thus considered an "Approved ROPS." The Approved ROPS would then finally be submitted to the county auditor-controller, the State Controller's office and the State Department of Finance, and posted on the City's website no later than April 15, 2012.

HSC Section 34182(a) requires either the Santa Barbara County Auditor-Controller or its designee complete agreed-upon procedure audits on or before July 1, 2012 in order to certify the ROPS. Unfortunately, the certification of the ROPS has not yet occurred and is not likely to occur prior to April 15, 2012. As such, the Oversight Board could decide to approve the existing currently "Uncertified Successor Agency ROPS" adopted on February 21, 2012 by the Successor Agency (Attachment 4) prior to April 15th.

However, based on feedback at the April 5, 2012 Oversight Board Meeting and Staff recommended changes, the ROPS has been amended both in order of items listed and amounts reflected. These items, discussed in the previous section are included in the "Modified Uncertified ROPS." The Oversight Board could decide to approve the Modified Uncertified ROPS (Attachment 5) in its totality, or if permissible, could approve it line item by line item prior to April 15, 2012.

The California Department of Finance ("DOF") has provided guidance in regards to the compressed and out-of-order timelines for complying with AB 26 via a letter dated March 2, 2012 (Attachment 6) which states:

“...Given these compressed timeframes, we believe it would be prudent for your oversight board to review, approve and submit the ROPS to DOF at the earliest time possible...County auditor-controllers have until July 1, 2012 to arrange for completion of these audits pursuant to the revised AB 26 timeline. Consequently, if the auditor designated by your county auditor-controller states the review of the ROPS cannot be completed by April 15, we advise you to submit your ROPS to DOF without waiting for the auditor’s review.”

FISCAL IMPACTS:

Soft costs related to staff time have been accounted for in the Successor Agency’s Proposed Administrative Budget. However the decision to seek outside legal counsel comes with the need to reflect such expenses in the Modified Uncertified ROPS to be approved by the Oversight Board. This \$20,000 estimated expense has been added as a line item to the Modified Uncertified ROPS. In terms of other amounts on the Modified Uncertified ROPS, the Bond Trustee portion has decreased to \$1,995, and a Compensated Leave Liability was added in the amount of \$31,233.

Other than soft costs related to staff time which have been accounted for in the Successor Agency’s Proposed Administrative Budget, no funds are involved with the adoption of the Uncertified or Modified Uncertified Successor Agency ROPS. The ROPS simply lists the dissolved Agency’s existing obligations.

ALTERNATIVES:

The Oversight Board could decide not to accept the recommendations included in this item, or provide staff with alternative direction.

Based on HSC 34177, the Oversight Board is charged with approving a Certified ROPS by April 15, 2012. Because the ROPS attached to this staff report has not been certified by an external auditor nor will it be before April 15th, the Oversight Board could defer to adopt the existing Uncertified Successor Agency ROPS until it has been certified or consider adopting a Modified Uncertified ROPS. However the decision to wait until certification occurs would be in contrast to guidance provided by the State’s Department of Finance.

Approved By:

Daniel Singer
City Manager

ATTACHMENTS

1. Summary Timeline of AB 1X 26 Germane Dates
2. General Questions Posed on April 5, 2012 with Successor Agency Responses
3. Presentation on Historical CIP Projects in the former RDA Project Area
4. Resolution regarding previously submitted Uncertified ROPS
5. Resolution regarding Modified Uncertified ROPS
6. California Department of Finance Letter dated March 2, 2012

ATTACHMENT 1

Summary Timeline of AB 1X 26 Germane Dates

Summary Timeline of AB 1X 26 Germane Dates

Amended Date ¹	Action	Body	Notes	HSC Section(s)
By March 1, 2012	Preparation of Initial Draft Recognized Obligation Payment Schedule (ROPS)	Successor Agency (SA)	SA submitted to County Auditor/ Controller on February 28, 2012	34177 (I)(2)(A)
By April 1, 2012	SA reports to the County Auditor/Controller (A/C) whether the total amount of property tax available to the agency will be sufficient to fund its ROPS obligations over the next six-month fiscal period.	SA		34183 (b)
By April 15, 2012	Successor agency must send the adopted ROPS to the State Controller (SCO) and the State Department of Finance (DOF) for approval. The ROPS is also subject to approval by the OB.	SA and OB	In order for an "Approved ROPS" to be sent to SCO and DOF, AB 26 states that it must be certified by the County A/C's Office prior to becoming an "Approved ROPS" upon OB approval.	34177 (I)(3)
By May 1, 2012	The ROPS becomes operative, and SA may only make payments required by the ROPS.	SA, OB & A/C	Relates to April 15 th deadline for ROPS adoption, certification and approval.	34177 (a)(3)
By May 1, 2012	Names of OB Members including Chair sent to DOF	SA and OB	Chair selected on 4/5/12	34179 (a)
May 16 & June 1, 2012	The A/C shall transfer, from the Trust Fund of each SA's Retirement Fund, and amount of property tax revenues equal to that specified in the ROPS in order for the SA to make payments listed on its ROPS from the Retirement Fund.	A/C		34183 (a) & 34185
By July 1, 2012	A/C conducts Agreed-Upon Procedure Audits (AUP) of each RDA being dissolved within the County, completed by July 1, 2012.	A/C		34182 (a)(1)

¹ As part of the California Supreme Court's ruling on December 29, 2011 in *California Redevelopment Association v. Matosantos*, all effective dates or deadlines occurring prior to May 1, 2012 are to take effect four months later.

ATTACHMENT 2

**General Questions Posed on April 5, 2012 with
Successor Agency Responses**

General Questions

1. What is the operable date for ABx1 26?
 - *Oversight Board's independent legal counsel can address.*
 - *AB 26 was approved by the Governor on June 28, 2011 and filed with the Secretary of State on June 29, 2011.*
2. Can ROPS decisions be reversed by the committee - can we say something is an obligation and later change our mind? How critical is this first vote and list of obligations?
 - *Oversight Board's independent legal counsel can address.*
3. How will pass-through payments affect the distribution of funds?
 - *This does not apply to Goleta's RDA. The Goleta RDA is a post AB 1290 entity and as such had statutory rather than negotiated pass through payments. Pursuant to Health & Safety Code Section 33607.7.*
 - *A more detailed response can be provided by the Santa Barbara County Auditor/Controller's Office. The priorities of distribution from the Redevelopment Property Tax Trust Fund ("RPTTF"):*
 - i. Administrative fees to Auditor & County*
 - ii. Pass-through payments to Affected Taxing Entities*
 - iii. Recognized Obligation Payments to Successor Agency's Redevelopment Obligation Retirement Fund ("RORF")*
 - iv. Administrative Cost Allowance to Successor Agency*
 - v. Costs to State Controller's Office*
 - vi. Any residual balance in fund to all affected taxing entities*

Questions for the Committee

4. What is the mission/goal of the oversight committee? Can we put that statement in writing and all agree?
 - *The purpose of the Board is to implement AB 26, specifically Chapter 4 of the legislation.*
5. Do we need independent legal counsel?
 - *At the Board's discretion.*

6. There are many interrelated questions the committee should address. What is the best sequence to address them?
 - *At the Board's discretion. Oversight Board's independent legal counsel can address.*
7. By some interpretations - The oversight committee has authority to continue some redevelopment activities in the absence of a contract or other enforceable obligation but can choose to narrowly interpret the statute. If we choose to continue an activity, what are the criteria this committee will look for in a project?
 - *At the Board's discretion. Oversight Board's independent legal counsel can address.*

Questions for the Successor Agency

8. What is the total increment and what taxing entities are contributing?
 - *The Goleta RDA is a post AB 1290 entity and as such had statutory rather than negotiated pass through payments. Pursuant to Health & Safety Code Section 33607.5.*
 - *Santa Barbara County Auditor/Controller's Office can provide a detailed breakdown of tax increment by taxing entities.*
9. Any pass-through agreements? Can we have copies of agreements?
 - *The Goleta RDA is a post AB 1290 entity and as such had statutory rather than negotiated pass through payments, therefore no pass-through agreements exist. Pursuant to Health & Safety Code Section 33607.7.*
10. Any loans to or from the RDA?
 - *On June 2, 2010, the Goleta RDA borrowed \$3,500,000 from the City of Goleta via a promissory note for purposes of funding CIP projects in the Project Area. The debt was retired as of March 31, 2011.*
 - *On October 5, 2010 the Goleta RDA entered into a one-time \$200,000 forgivable loan agreement with Surf Development Company for the Braddock House Project. Surf Development is a nonprofit public benefit corporation formed by the Housing Authority of the County of Santa Barbara. The Braddock House serves 4 very-low income developmentally disabled adults. This loan will not yield any repayment to the Successor Agency unless a breach of affordable restrictions occur leading to a default of the loan conditions.*
11. Any "Revenue Pledges"?
 - *The Agency has an Affordable Housing Assistance Agreement, as listed on the Uncertified ROPS, with Sumida Gardens. The total amount of financial assistance to be provided by the Goleta RDA to the developer under the agreement is not to exceed Six Million Six Hundred Twenty-Five Thousand Six Hundred Dollars and No Cents (\$6,625,600.00), plus interest accrued as provided in the agreement. The outstanding principal balance of the reimbursement shall bear interest at a rate of five percent (5%)*

per annum commencing on July 1, 2008 and continuing thereafter, compounding semi-annually (in the months corresponding with Agency's semi-annual receipt of tax increment), for eleven (11) years (June 30, 2019). Commencing on July 1, 2019, the outstanding principle balance shall bear interest at a rate of seven percent (7%) per annum, compounding semi-annually (in the months corresponding with Agency's semi-annual receipt of tax increment), until the outstanding balance of principal and accrued interest is paid in full.

- *The Affordable Housing Assistance Agreement provides for 34 affordable units made available in the following distribution: 14 very-low, 10 low, and 10 moderate. The Rental Restrictive Covenant recorded as part of the Sumida Gardens Project provides for 55 years affordability restrictions on the aforementioned units.*

12. Did the RDA encumber funds, transfer assets, establish "cooperative agreements" during the ABx 126 legislative process?

- *The RDA continued to exercise its legal responsibilities throughout the legislative process. Nothing in AB 26 restricts any actions taken prior to the effective date. The RDA could not have presumed any legislative outcome or restricted actions in anticipation of an outcome and still been faithful to its legal charge. Moreover, AB 27 was a companion legislation which would have allowed the continuance of the RDA.*

- *In considering when the legislative process began, we assume January 2011.*

I. No, we do not consider payment on Cooperation obligations a transfer of assets but rather a payment of existing legal obligations.

II. No cooperative agreement was established during the legislative process. On March 15, 2011 the Cooperative Agreement for infrastructure—which was previously entered into in 2009—was restated and reaffirmed and updated the budget estimates for the projects in the Project Area.

III. No, the cooperative agreement for administrative services was previously entered into in 2006.

IV. In regards to encumbrances, the RDA encumbered \$1.125 million for the acquisition of the Hollister Kellogg Park Property. The RDA also encumbered \$200,000 for the previously stated Braddock House Project. Lastly, the RDA did encumber \$65,855 related to administrative costs pursuant to the 2006 Cooperative Agreement for administrative services.

- Can we have copies of the cooperative agreements?

I. Yes, available online and can be provided.

- Did the RDA intend to participate in AB1x27 and establish reserves?

I. Yes, the City and RDA had intended to participate in AB 1X 27 and as such on September 27, 2011 executed a Conditional Community Remittance Agreement for that purpose.

II. Also, please see the City's FY 10-11 CAFR (page 56) and RDA's FY 10-11 Audit (page 31).

- Were any actions taken to "protect" or "shelter" assets from this process?

I. No.

- If so, has the successor agency taken steps to reverse those actions and make the funds available for redistribution?

I. Not applicable.

13. Any unencumbered housing funds?

- *Yes, currently about \$1.6 million in Low-Moderate Income Housing Funds.*

14. Has the SCO reviewed and approved all transfers since Jan 1, 2011?

I. No. The SCO did make contact and staff provided them with responses.

- If not, are there any transfers that may be questioned by the SCO?

I. We cannot predict inquiries by the SCO. All actions of the RDA are public and readily available for review.

- Was anything other than real property with a government purpose transferred?

I. No.

15. What is the current estimate of funds (total and %) that will be available to tax entities? The Governor estimates over 1/2 will be available state-wide - how do we compare?

- *The Santa Barbara County Auditor/Controller's Office should be able to address this question after all ROPS are approved and finalized.*

16. What is the current estimated time to complete the obligation payments and return all funds to taxing entities?

- *Final Sinking Fund Payment / Maturity of the Bonds will be on June 1, 2044. (See page 5 of Official Statement). Therefore, the last payment with tax increment would be made on December 1, 2043.*

17. Are there sufficient funds to make the current obligated payments?

- *NO. There are insufficient unobligated funds on hand to meet existing obligations. Notification was sent to the Santa Barbara County Auditor/Controller's Office on April 10, 2012.*

18. Are there any RDA assets that are not being held for a "governmental" purpose and that may be sold?

- *No.*

19. Are there any "design/build" projects underway?

- *No.*

20. Are all of the relevant documents available on the web?

- *Staff is working to make relevant documents available online.*

21. What happens to unexpended high interest rate bond funds where no project has been started?

- I. At the Board's discretion. Oversight Board's independent legal counsel can address.*
- II. All bond proceeds have been committed to the City of Goleta pursuant to the 2009 Cooperation Agreement and the project is underway.*

- Can we have copies of the bond documents?

- I. Yes. The documents are available online. The Official Statement is 160 pages.*

- Should any of the bonds be defeased?

- I. Not at this time. That is a determination to be made if it is financially advantageous and feasible to do so upon the expiration of the 5-year callability provision.*
- II. As stated in the Official Statement, the Bonds maturing on or before December 1, 2016 are not subject to optional redemption. The Bonds maturing on and after December 1, 2017, are subject to redemption, at the option of the Agency on any date on or after December 1, 2016, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the par amount of the Bonds being so redeemed, without premium, together with accrued interest to the date fixed for redemption. (See page 6 of Official Statement)*

22. With regard to Housing Payments, are there other funds that can be used to pay?

- *No.*

ATTACHMENT 3

**PowerPoint Presentation on Historical CIP
Projects in the former RDA Project Area**

Historical Background on CIP Projects in former RDA Old Town Project Area

Presentation to Oversight Board

April 12, 2012

**Presented By:
Jaime A. Valdez
Sr. Management Analyst**

Dissolved Goleta RDA-Background

- The County of Santa Barbara (“County”) originally adopted the Goleta Old Town Redevelopment Plan (“Plan”) on July 7, 1998.
- The Plan was administered as part of the County’s unincorporated territory until the City of Goleta (“City”) assumed control of the Plan after the City incorporated in 2002.
- The Council declared itself the Redevelopment Agency (“RDA”) on February 1, 2002.
- The Council assumed control of the Redevelopment Plan for the Goleta Old Town Redevelopment Project on April 15, 2002.
- The Council served as the RDA Board up until the RDA was dissolved on February 1, 2012 pursuant to AB 1X 26.

- **Summer of 1998**

- The County of Santa Barbara (“County”) originally adopted the Goleta Old Town Redevelopment Plan (“Plan”) on July 7, 1998. This includes the implementing [Goleta Old Town Revitalization Plan](#).
- The Revitalization Plan clearly identifies a number of public improvements including but not limited to San Jose Creek Channel Improvements, Ekwil Street and Fowler Road Extensions, and Hollister Reconstruction (“Hollister Redesign”).

- **February 2002**

- City of Goleta incorporates and [assumes responsibilities of Goleta RDA](#).

- **June 2003**

- [Goleta RDA adopts 5-year Implementation Plan](#).
- The 5-year Implementation Plan specifically identifies the San Jose Creek Channel Improvements, Ekwil Street and Fowler Road Extensions, and Hollister Redesign.

- **Summer of 2007**

- May 7, 2007, City and RDA form a [Joint Powers Authority](#) (Goleta Financing Authority)
- On June 4, 2007 RDA declares [intention to use bond proceeds to reimburse City](#) for project expenditures related to San Jose Creek Channel Improvements, Ekwil Street and Fowler Road Extensions, and Hollister Redesign.
- June 5, 2007, SB County Board of Supervisors authorizes development of an [MOU between City and the SB County Flood Control & Water Conservation District](#) and provides new direction to redesign the San Jose Creek Project to accommodate fish passage.
- July 16, 2007, City and RDA [approve issuance of 2007 Tax Allocation Bonds](#)
- In light of [deteriorating municipal bond market conditions](#)—specifically related to the health of bond insurance companies—in the summer of 2007, decision is made not to sell 2007 Tax Allocation Bonds

- **June 2009**

- June 16, 2009, the City and RDA entered into a [Cooperation Agreement for Public Improvements](#) that specifically calls out the San Jose Creek Channel Improvements, Ekwil Street and Fowler Road Extensions, and Hollister Redesign.

- **October 2010**

- City and SB County Flood Control & Water Conservation District enter in a [Cooperative Agreement for Construction of Improvements on San Jose Creek](#)

- **Spring 2011**

- [Agency issues 2011 Tax Allocation Bonds](#), which specifically identifies the San Jose Creek Channel Improvements, Ekwil Street and Fowler Road Extensions, and Hollister Redesign
- March 8, 2011, successful closing of Goleta RDA- 2011 Tax Allocation Bonds

— FINAL — Goleta Old Town Revitalization Plan



— June 1998 —

Prepared by County of Santa Barbara • Planning & Development • Comprehensive Planning Division
123 East Anapamu Street • Santa Barbara, CA 93101 • (805) 568-2000

GOLETA OLD TOWN REVITALIZATION PLAN

property owners participating in upgrades to their buildings, it is doubtful that overall business conditions would abruptly rally and property values increase. Finally, revitalization of Goleta Old Town is dependent on significant public expenditures from a variety of sources and will require commitment and vision on the part of decision-makers and support from the community.

The table below lists projects, their estimated costs and provides general information regarding the type of funding proposed. This scope of projects proposed to be implemented over the first ten years of a Revitalization Program accounts for the County's establishment of the Goleta Old Town Redevelopment Project Area.

TABLE 5
Preliminary Projects, Estimated Cost and Funding Comments

PROJECT DESCRIPTION	ESTIMATED COST	FUNDING COMMENTS
Ekwill Street and Fowler Road Extensions	\$17 million	Funded through a grant program formerly referred to as Flexible Congestion Relief
Flood Control Improvements at Hollister/San Jose Creek	\$3.0 million	Redevelopment and other sources
Hollister Reconstruction	\$6.0 million	Primarily Redevelopment
Remediation of soil and groundwater contamination	Unknown	Financed through a mix of sources or paid for as needed
Housing renovation and mixed use residential additions	Extent of loan/grant program is driven by availability of Redevelopment funding	Funded from Redevelopment tax increment for affordable housing activities.
Loans/grants to assist renovations, facade improvements, mixed use, etc.	Extent of loan/grant program is driven by availability of Redevelopment funding	Funded annually through Redevelopment.
Administration of the Project Area	\$237,000/year	Funded annually through Redevelopment.
Lease of existing private parking lots for public parking.	\$50,000/year	Funded annually through Redevelopment

In addition to the proposed projects listed above, progress has been made on the following Old Town projects:

- **Fowler Road Extension:** A Project Study Report has been completed for this project and includes preliminary engineering, cost estimates, and an assessment of alternative alignments. This extension would allow direct access to and from the S.B. Municipal Airport and various commercial and industrial sites in Old Town. Improvements include a signalized intersection at

ORDINANCE NO. 02-19

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, ADOPTING WITHOUT CHANGE THE COUNTY OF SANTA BARBARA OLD TOWN REVITALIZATION PLAN AND TRANSFERRING TERRITORIAL JURISDICTION OVER THAT PROJECT AREA FROM THE REDVELOPMENT AGENCY FOR THE COUNTY OF SANTA BARBARA TO THE REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA

THE CITY COUNCIL OF THE CITY OF GOLETA DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals.

(a) The City of Goleta is newly incorporated.

(b) Prior to its incorporation, proponents for the City of Goleta and the Board of Supervisors for the County of Santa Barbara entered into a revenue neutrality agreement (the "Revenue Neutrality Agreement") as required by the provisions of California Government Code Section 56845, which Revenue Neutrality Agreement was enacted by a vote of the people on November 6, 2001, and ratified by the City Council for the City of Goleta on February 1, 2002 by Resolution No. 02-02.

(b) Prior to incorporation, the Redevelopment Agency for this area established pursuant to the Community Redevelopment Law ("CRL"), California Health and Safety Code, Section 33000 and following, was the Santa Barbara County Board of Supervisors.

(c) The County of Santa Barbara has previously established the Old Town Revitalization Plan Redevelopment Project Area (the "Project Area") which is located totally within the jurisdiction of the newly incorporated City of

RJV #76090 v2

-1-

RESOLUTION NO. 03-01

A RESOLUTION OF THE CITY OF GOLETA, CALIFORNIA REDEVELOPMENT AGENCY ADOPTING A FIVE YEAR IMPLEMENTATION PLAN FOR THE GOLETA OLD TOWN REDEVELOPMENT PROJECT AREA

WHEREAS, Section 33490(a)(1)(A) of the California Community Redevelopment Law, Health and Safety Code 33000 et.seq. ("Law") requires all redevelopment agencies to adopt an Implementation Plan every five years, following a noticed public hearing; and

WHEREAS, Section 33490(a)(1)(A) requires that the Implementation Plan contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area and implement the requirements of Sections 33334.2, 33334.4, 33334.6, and 33413 of Law; and

WHEREAS, pursuant to Section 33490 of the Law, the City of Goleta Redevelopment Agency ("Agency") has prepared a Five-Year Implementation Plan, contained herewith as Exhibit A; and

WHEREAS, the Agency has conducted a duly noticed public hearing.

NOW, THEREFORE, THE CITY OF GOLETA REDEVELOPMENT AGENCY DOES RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The Five-Year Implementation Plan for the Goleta Old Town Redevelopment Project Area is hereby adopted in the form attached herewith as Exhibit A.

SECTION 2. The Secretary shall certify as to the adoption of the resolution.

PASSED, APPROVED, AND ADOPTED this 2nd day of June, 2003.

Jonny D. Wallis

JONNY WALLIS, CHAIR

ATTEST:
Frederick C. Stouder

FREDERICK C. STOUDE
SECRETARY

APPROVED AS TO FORM:
Julie Hayward Biggs

JULIE HAYWARD BIGGS
AGENCY ATTORNEY

RESOLUTION NO. 07-16

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA AUTHORIZING FORMATION OF A JOINT POWERS AUTHORITY WITH THE CITY OF GOLETA REDEVELOPMENT AGENCY

WHEREAS, the City of Goleta, California (the "City"), and the City of Goleta Redevelopment Agency (the "Agency"), are considering proceedings for the financing of a redevelopment project, and in connection with such proceedings the Agency and the City propose to form a joint powers authority pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in order that such Authority may, in connection with such proceedings exercise the powers authorized under the Marks-Roos Local Bond Pooling Act of 1985 (Government Code Section 6584 *et seq.*) and, in addition, exercise such powers in connection with future proceedings of such nature undertaken by the Agency or the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Goleta as follows:

SECTION 1. Formation of Joint Powers Authority.

The City Council hereby authorizes the creation of a joint powers authority between the City and the Agency, to be known as the Goleta Financing Authority. The City Council hereby approves and authorizes the Mayor to execute and the City Clerk to attest a joint exercise of powers agreement forming said joint powers authority, in substantially the form on file with the City Clerk, together with any changes therein deemed advisable by the City Attorney.

SECTION 2. Official Actions.

The Mayor, City Manager, the Finance Director, the City Clerk and all other proper officers of the City are hereby authorized and directed to take all actions and do all things necessary or desirable hereunder with respect to the formation of said joint powers authority, including but not limited to the execution and delivery of any and all agreements, certificates, instruments and other documents, which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this resolution.

SECTION 3.

The City Clerk shall certify to the adoption of this Resolution.

RESOLUTION NO. 07-02

~~RESOLUTION OF THE CITY OF GOLETA REDEVELOPMENT AGENCY AUTHORIZING FORMATION OF A JOINT POWERS AUTHORITY WITH THE CITY OF GOLETA~~

WHEREAS, the City of Goleta, California (the "City"), and the City of Goleta Redevelopment Agency (the "Agency"), are considering proceedings for the financing of a redevelopment project, and in connection with such proceedings the Agency and the City propose to form a joint powers authority pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in order that such Authority may, in connection with such proceedings, exercise the powers authorized under the Marks-Roos Local Bond Pooling Act of 1985 (Government Code Section 6584 *et seq.*) and, in addition, exercise such powers in connection with future proceedings of such nature undertaken by the Agency or the City.

NOW, THEREFORE, BE IT RESOLVED by the City of Goleta Redevelopment Agency as follows:

SECTION 1 Formation of Joint Powers Authority.

The Agency hereby authorizes the creation of a joint powers authority between the City and the Agency, to be known as the Goleta Financing Authority. The Agency hereby approves and authorizes the Agency Chair to execute and the Secretary to attest a joint exercise of powers agreement forming said joint powers authority, in substantially the form on file with the Secretary, together with any changes therein deemed advisable by the Agency's Counsel.

SECTION 2. Official Actions.

The Agency Chair, Executive Director, the Treasurer, the Secretary and all other proper officers of the Agency are hereby authorized and directed to take all actions and do all things necessary or desirable hereunder with respect to the formation of said joint powers authority, including but not limited to the execution and delivery of any and all agreements, certificates, instruments and other documents, which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this resolution.

SECTION 3. Effective Date.

This Resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 07- 01

RESOLUTION OF THE GOLETA FINANCING AUTHORITY AUTHORIZING THE PURCHASE AND SALE OF THE CITY OF GOLETA REDEVELOPMENT AGENCY GOLETA OLD TOWN REDEVELOPMENT PROJECT 2007 TAX ALLOCATION BONDS, UPON CERTAIN TERMS AND CONDITIONS, APPROVING DISTRIBUTION OF OFFICIAL STATEMENT RELATING THERETO AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Goleta (the "City") and the City of Goleta Redevelopment Agency entered into a Joint Exercise of Powers Agreement, dated as of May 1, 2007 (the "Agreement"), creating the Goleta Financing Authority (the "Authority"); and,

WHEREAS, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Agreement, the Authority is authorized to purchase bonds issued by the Agency and is further authorized to sell bonds so purchased to public or private purchasers at public or negotiated sale; and,

WHEREAS, the Agency is authorized pursuant to the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California to issue its tax allocation bonds for the purpose of financing and refinancing redevelopment activities with respect to its Goleta Old Town Redevelopment Project (the "Redevelopment Project"); and,

WHEREAS, for the purpose of financing redevelopment activities with respect to its Redevelopment Project, the Agency proposes to issue its not to exceed \$19,000,000.00 aggregate principal amount of City of Goleta Redevelopment Agency Goleta Old Town Redevelopment Project 2007 Tax Allocation Bonds (the "Bonds") pursuant to the provisions of an Indenture of Trust, dated as of August 1, 2007; and,

WHEREAS, the Authority desires to purchase the Bonds from the Agency solely from the proceeds received from the Authority's concurrent sale of the Bonds to Stone & Youngberg LLC (the "Underwriter"); and,

WHEREAS, the Agency has caused a preliminary Official Statement relating to the Bonds (the "Official Statement") to be submitted to the Authority for approval for distribution to purchasers of the Bonds.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Goleta Financing Authority, as follows:

SECTION 1.

The proposed form of bond purchase agreement (the "Purchase Contract"), by and among the Agency, the Authority and the Underwriter on file with the Secretary of the Authority is hereby approved. Either the Chairperson of the Authority or the Secretary of the Authority is hereby authorized and directed, for

RESOLUTION NO. 07-03

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF GOLETA, CALIFORNIA DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF BONDS TO BE ISSUED BY THE AGENCY

WHEREAS, the Agency has determined that it needs to acquire and construct improvements to the San Jose Creek Channel, Hollister Avenue and Elkwil Street/Fowler Road, as more particularly described in Section 1 below (the "Projects");

WHEREAS, the Agency proposes to undertake the Projects, to issue tax allocation revenue bonds (the "Bonds") to finance the Projects, and use a portion of the proceeds of the Bonds to reimburse expenditures made for the Projects prior to the issuance of the Bonds;

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the Agency declares its official intent to reimburse the expenditures referenced herein.

NOW, THEREFORE, BE IT RESOLVED THAT The Redevelopment Agency of The City Of Goleta Does Resolve, Determine And Order As Follows:

SECTION 1.

The Agency intends to cause the Bonds to be issued for the purpose of funding three separate public infrastructure Projects within the City, in order to mitigate existing deficiencies. These Projects include the acquisition and construction of the following: 1. San Jose Creek channel flood improvements; 2. Hollister Avenue redesign; and 3. Elkwil Street/Fowler Road extension.

SECTION 2.

The Agency hereby declares that it reasonably expects (i) to pay certain costs of the Projects prior to the date of issuance of the Bonds, and (ii) to use a portion of the proceeds of the Bonds for reimbursement of expenditures for the Projects that are paid before the date of issuance of the Bonds.

SECTION 3.

The expected principal amount of the Bonds needed to pay for the Projects is expected to be approximately \$21,000,000.



**BOARD OF SUPERVISORS
AGENDA LETTER**

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Department Name: Flood Control
Department No.: 054
For Agenda Of: 06/05/07
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Flood Control and Water Conservation District

FROM: Department Scott McGolpin, Interim Public Works Director, 568-3010
Director(s)
Contact Info: Thomas D. Fayram, Deputy Public Works Director, 568-3436

SUBJECT: **MOU with the City of Goleta to Provide Funding for the City of Goleta's Old Town Project, Second Supervisorial District**

County Counsel Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

- a) Authorize the Public Works Department and the County Executive Office to develop a Memorandum of Understanding (MOU) with the City of Goleta (City) regarding funding of the flood control elements of the City of Goleta's Old Town Project; and
- b) Direct staff to return to the Board for approval and execution of the MOU and the related budget revision needed to provide funding for the flood control elements of the project.

Summary Text:

The City of Goleta (City) has requested funding for the project through the Flood Control District, SCFZ (letter attached). The SCFZ boundaries extend from Gaviota to Carpinteria, South of the Santa Ynez Mountains. The Flood Control District, through the SCFZ collects revenues from properties both in incorporated Cities and the unincorporated County. SCFZ revenue is used to fund various Flood Control activities including; Capital Projects, Routine Maintenance, and Emergency Response Efforts.

A serious flood event occurred on March 10, 1995 which caused significant flooding in downtown Goleta. San Jose Creek jumped its banks at and above Hollister Avenue causing significant damages in Goleta Old Town. The goal of this project is to reduce the flood hazard, including removing the FEMA 100 year flood zone from Old Town Goleta.

A-9) BOARD OF DIRECTORS, FLOOD CONTROL AND WATER CONSERVATION DISTRICT [File Reference No. 07-00394](#)

Consider recommendations regarding a Permanent Easement; APN 061-273-003, Second District, as follows: (4/5 vote required)

a) Approve the Notice of Exemption pursuant to the California Environmental Quality Act (CEQA) guidelines regarding the proposed acceptance of an easement crossing a portion of the parcel known as APN 061-273-003, located at 4640 Vieja Drive in the unincorporated area of the County known as Goleta; and

b) Accept a Permanent Easement from Layman Property Management LLC, owner of the above referenced property by authorizing the Clerk of the Board to sign the Certificate of Acceptance.

A motion was made by Supervisor Gray, seconded by Supervisor Wolf, that this matter be Acted on as follows:

a) Approved.

b) Accepted.

The motion carried unanimously.

A-10) BOARD OF DIRECTORS, FLOOD CONTROL AND WATER CONSERVATION DISTRICT [File Reference No. 07-00568](#)

Consider recommendations regarding a Memorandum of Understanding (MOU) with the City of Goleta to provide support for the City of Goleta's Old Town Project, Second District, as follows:

a) Authorize the Public Works Department and the County Executive Office to develop a MOU with the City of Goleta regarding funding of the flood control elements of the City of Goleta's Old Town Project; and

b) Direct staff to return to the Board for approval and execution of the MOU and the related budget revision needed to provide funding for the flood control elements of the project.

A motion was made by Supervisor Gray, seconded by Supervisor Wolf, that this matter be Acted on as follows:

a) Authorized.

b) Approved.

During negotiation: on the Memorandum of Understanding, directed staff to reflect enhancements to the fish passage components of the project as a priority of the County.

The motion carried unanimously.

A-11) COUNTY COUNSEL [File Reference No. 07-00556](#)

Approve and authorize Chair to execute the attached Amendment No. 1 to the Agreement for Professional Legal Services with outside tax counsel, Ice Miller LLP, a law firm in Indianapolis, Indiana in the amount of \$125,000, amending the scope of work, which brings the total contract to an amount not to exceed \$131,000.

A motion was made by Supervisor Gray, seconded by Supervisor Wolf, that this matter be Approved; Chair to Execute. The motion carried unanimously.

RESOLUTION NO. 07- 05

RESOLUTION OF THE CITY OF GOLETA REDEVELOPMENT AGENCY AUTHORIZING ISSUANCE OF GOLETA OLD TOWN REDEVELOPMENT PROJECT 2007 TAX ALLOCATION BONDS, APPROVING AND AUTHORIZING AND DIRECTING EXECUTION OF THE INDENTURE OF TRUST RELATING THERETO, AUTHORIZING SALE OF SUCH BONDS, APPROVING OFFICIAL STATEMENT, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Goleta Redevelopment Agency (the "Agency") is authorized pursuant to the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Law") to issue its tax allocation bonds for the purpose of financing and refinancing redevelopment activities with respect to its Goleta Old Town Redevelopment Project (the "Project Area"); and,

WHEREAS, for the purpose of funding redevelopment in the Project Area, the Agency desires to issue its not to exceed \$19,000,000 aggregate principal amount of City of Goleta Redevelopment Agency Goleta Old Town Redevelopment Project 2007 Tax Allocation Bonds (the "Bonds") pursuant to the provisions of an Indenture of Trust, dated as of August 1, 2007, by and between The Bank of New York Trust Company, N.A. (the "Trustee") and the Agency (the "Indenture"); and,

WHEREAS, the Agency proposes to sell the Bonds to the Goleta Financing Authority (the "Authority") which will concurrently sell the Bonds to Stone & Youngberg LLC, as purchaser of the Bonds (the "Underwriter"), all on the terms and conditions herein set forth and as provided in the form of a Purchase Contract (the "Purchase Contract") on file with the Secretary; and,

WHEREAS, the Agency has caused to be prepared an Official Statement describing the Bonds, the preliminary form of which is on file with the Secretary (the "Official Statement"); and,

WHEREAS, the Agency, with the aid of its staff has reviewed the Indenture, the Purchase Contract and the Official Statement; and the Agency wishes at this time to approve the foregoing in the public interests of the Agency.

NOW, THEREFORE, BE IT RESOLVED by the City of Goleta Redevelopment Agency, as follows:

SECTION 1. Issuance the Bonds; Approval of the Indenture

The Agency hereby authorizes the issuance of the Bonds under and pursuant to the Law and the Indenture, in the aggregate principal amount of not to exceed \$19,000,000. The Agency hereby approves the Indenture in substantially the form thereof on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the Executive Director,

RESOLUTION NO. 07- 33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA APPROVING ISSUANCE BY THE CITY OF GOLETA REDEVELOPMENT AGENCY OF GOLETA OLD TOWN REDEVELOPMENT PROJECT 2007 TAX ALLOCATION BONDS, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the City of Goleta Redevelopment Agency (the "Agency") is authorized pursuant to the Community Redevelopment Law, being Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California to issue its tax allocation bonds for the purpose of financing and refinancing redevelopment activities with respect to its Goleta Old Town Redevelopment Project (the "Project Area"); and

WHEREAS, for the purpose of financing redevelopment activities with respect to the Project Area, the Agency proposes to issue its not to exceed \$19,000,000.00 aggregate principal amount of City of Goleta Redevelopment Agency Goleta Old Town Redevelopment Project 2007 Tax Allocation Bonds, (the "Bonds") pursuant to the provisions of an Indenture of Trust, dated as of August 1, 2007;

WHEREAS, Section 33640 of the Law requires the Agency to obtain the approval of the City Council of the City of Goleta prior to issuance of the Bonds; and

WHEREAS, the City Council approves of the issuance of the Bonds as being in the public interests of the City of Goleta and of the Agency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Goleta as follows:

SECTION 1. Approval of Issuance of Bonds

The City Council of the City of Goleta approves the issuance of the Bonds by the City of Goleta Redevelopment Agency, as herein above described.

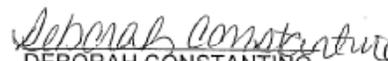
SECTION 2. Effective Date

The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 16th day of July, 2007.


JEAN BLOIS, MAYOR

ATTEST:


DEBORAH CONSTANTINO
CITY CLERK

APPROVED AS TO FORM:


BRIAN PIERIK
CITY ATTORNEY

Why Municipal Bonds Are Stumbling

These usually safe, tax-exempt investments have become unlikely victims of the subprime mortgage fallout.

By Jeffrey R. Kosnett

December 4, 2007

Municipal bonds generally keep a safe distance when financial firestorms threaten to wreak havoc in other areas of the bond marketplace. But now some triple-A rated tax-exempts are getting thrown into the dreaded subprime mortgage inferno.

The problem isn't that falling real estate values or growing default rates among mortgage holders are causing fiscal problems for state and local governments or school or public utility districts. Municipalities have plenty of ways to cope with budget shortfalls before they get remotely close to defaulting on their debt.

If you're a buy-and-hold, income-oriented investor who owns individual tax-exempts rated single A or better, there's no reason to sell. And there's no reason to avoid new issues.

But total-return investors and holders of bond funds, especially the leveraged kind, do have something to worry about. Municipals are the second-worst-performing class of bond in 2007, barely ahead of corporate junk bonds, and things could get worse.

The problem. The weak performance is tied to concerns about the health of bond insurance companies, relatively obscure entities that go by such acronyms as Ambac, FGIC and MBIA. These companies insure roughly half of all the tax-exempt bonds outstanding for the eventual repayment of principal and any missed interest payments.

On their own, these bonds would typically merit a triple-B or single-A rating, perhaps occasionally, a double-A rating. The insurance upgrades them to triple-A status in the eyes of the market. This allows state and local issuers to pay less interest on their bonds.

Saving money on interest, not compensation for potential defaults, is the real purpose of muni-bond insurance. Claims are rare, and what few there are usually stem from embezzlement and other forms of fiscal chicanery, not general financial market risks.

Because defaults are rare, the "financial guaranty" industry is enormously profitable -- or at least the bond part of it. But bond raters Moody's, Standard & Poor's, Fitch Ratings and A.M. Best, as well as some bond analysts, are now examining the bond insurers closely.

INVEST MORE OF YOUR MONEY IN YOU:

- ✓ No account service fees
- ✓ Low account minimums
- ✓ \$8.95 online equity trades¹

Important Disclosure

OPEN AN ACCOUNT  *charles* SCHWAB

Other fees may apply



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COOPERATION AGREEMENT FOR PUBLIC IMPROVEMENTS

THIS AGREEMENT is entered into as of the 16th day of June, 2009 by and between the CITY OF GOLETA (herein the "City") and the REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA (herein the "Agency").

Recitals

A. The Agency, pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.: the "Redevelopment Law"), is responsible for implementing the Redevelopment Plan (herein the "Old Town Plan") for the Goleta Old Town Redevelopment Project Area (herein the "Old Town Project Area"), as adopted by Ordinance No. 02-08 adopted on February 1, 2002.

B. In order to implement the Old Town Plan, the Agency, by Resolution No. 08-05, adopted on June 17, 2008, has adopted a new five-year implementation plan (herein the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law.

C. Section 401 of the Old Town Plan established various goals for the Old Town Project Area including public infrastructure improvements and community facilities, such as the "installation, construction, reconstruction, redesign, or reuse of streets, utilities, curbs, flooding and drainage facilities, gutters, sidewalks, street lighting, landscaping, and other public improvements," which are necessary for the effective redevelopment of the (Old Town) Project Area.

D. With the implementation of specific public improvement and facility projects, the Agency would eliminate blighting conditions in the Old Town Project Area, including but not limited to factors that hinder the economically viable use of buildings or lots, economic decline, high business turnover, low lease rates, high vacancy rates, and/or inadequate public improvements.

**COOPERATIVE AGREEMENT FOR CONSTRUCTION OF IMPROVEMENTS
ON SAN JOSE CREEK**

THIS AGREEMENT, ENTERED INTO ON Oct 5, 2010, is between the

CITY OF GOLETA, a municipal corporation,
referred to herein as "CITY",

and

Santa Barbara County Flood Control & Water
Conservation District, a political subdivision of
the State of California, referred to herein as
"DISTRICT".

WHEREAS, San Jose Creek is a major watershed that flows through the CITY, and into the Goleta Slough; and

WHEREAS, the DISTRICT owns and maintains certain improvements on San Jose Creek generally from Hollister Ave to the Slough, including a concrete lined channel, excepting culverts and bridges within transportation corridors crossing the creek; and

WHEREAS, CITY owns and maintains Hollister Avenue Bridge over San Jose Creek; and

WHEREAS, Portions of the CITY's "Old Town" are in the 100 year floodplain of San Jose Creek; and

WHEREAS, CITY desires to increase the flood flow capacity of the system by improving and widening the existing channel, (hereinafter the PROJECT), and by replacing the Hollister Ave Bridge as additional City funded work, and

WHEREAS, the PROJECT and the bridge replacement will reduce flooding from San Jose Creek during serious flood events, and serve to reduce the FEMA 100 year Flood Plain within Old Town Goleta; and

WHEREAS, CITY has identified this PROJECT as their highest priority for Flood Control within the City and desires that PROJECT be expedited to protect property within the CITY and to facilitate economic development in the area; and

WHEREAS, CITY and DISTRICT have agreed to commit to funding a significant share of the PROJECT partially offset by grants; and

WHEREAS, Design of the PROJECT will also include Fish Passage features within the reconstructed channel, herein referred to as "FISH PASSAGE CHANNEL"; and

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "OTHER MATTERS - Tax Matters".

\$16,085,000
Redevelopment Agency For the City of Goleta
Goleta Old Town Redevelopment Project
2011 Tax Allocation Bonds

Dated: Date of Delivery

Due: December 1 and June 1., as shown on inside cover

PLAN OF FINANCE

construed as a representation by the Underwriter. All capitalized terms used and not normally capitalized have the meanings assigned in the Indenture, unless otherwise stated in this Official Statement.

The information and expressions of opinion in this Official Statement speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date of this Official Statement.

The captioned 2011 Tax Allocation Bonds (the "Bonds") are being issued by the Redevelopment Agency For the City of Goleta (the "Agency") pursuant to the California Community Redevelopment Law, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code (the "Redevelopment Law") and an Indenture of Trust dated as March 1, 2011 (the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are being issued to finance redevelopment activities with respect to the Agency's Goleta Old Town Redevelopment Project (the "Project Area"). The Bonds are special obligations of the Agency and are payable from Tax Revenues, consisting primarily of tax increment derived from property in the Project Area and allocated and paid to the Agency pursuant to the Redevelopment Law. No funds or properties of the Agency, other than the Tax Revenues, are pledged to secure the Bonds.

The Bonds are being issued to provide a portion of the funds needed to (i) provide moneys to finance redevelopment activities of the Agency relating to the Project Area, (ii) fund a reserve fund for the Bonds, and (iii) pay costs of issuance of the Bonds.

Proposed Projects

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., a nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000. Purchasers of interests in the Bonds will not receive certificates representing their interest in the Bonds purchased.

The net proceeds of the Bonds will be used for some or all of the following projects. The actual timing and scope of the projects are in the planning stages and cannot be guaranteed. It is possible that one or more of the projects described below may not occur. The Agency, consistent with the Redevelopment Law, may substitute other projects for the projects described below.

Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 2011. Payments of principal, and interest on the Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

San Jose Creek Channel Improvement. The San Jose Creek Capacity Improvement Project will increase the capacity of the channel and decrease the likelihood of flooding in the downtown Goleta area along Hollister Avenue. The current capacity of San Jose Creek Channel is insufficient to accommodate a 100 year flood storm event. As a result, during lesser events, flood waters have traditionally broken out at Hollister Bridge and caused significant flooding damage in Goleta Old Town. The project includes replacing the existing Hollister Avenue Bridge over San Jose Creek, and replacing the existing 4,250 foot long channel with a wider channel with an articulated concrete revetment bottom with an internal fish passage channel.

The Bonds are subject to optional and mandatory redemption prior to maturity. See "THE BONDS - Redemption of the Bonds".

The Bonds are not a debt, liability or obligation of the City of Goleta, the County of Santa Barbara, the State of California, or any of its political subdivisions other than the Agency, and neither the City, the County, the State nor any of its political subdivisions, other than the Agency, is therefore liable to pay the principal of, and interest on the Bonds. The principal of, and interest on the Bonds are payable solely from Tax Revenues allocated and paid to the Agency from the Project Area and amounts in certain funds and accounts held under the Indenture. Neither the Agency, the City nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Ekwill/Fowler Road Extension. The Ekwill/Fowler Road Extension Project is designed to decrease traffic in downtown Goleta by creating alternative routes to the South of Hollister Avenue. The new streets will span from Kellogg Avenue to Fairview Avenue, contain two lanes with left turn pockets, Class II bikeways, and sidewalks. The project will also install two roundabouts on Hollister Avenue east and west of SR 217. This project will relieve regional congestion, improve traffic circulation in Goleta Old Town, and improve access within Goleta Old Town and to the airport.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on this cover page shall have the meaning set forth in this Official Statement. For a discussion of some of the risks associated with a purchase of the Bonds, including certain State of California proposals regarding the elimination of redevelopment agencies, see "RISK FACTORS".

MATURITY SCHEDULE
(See inside cover)

The Bonds are offered, when, as and if issued by the Underwriter, subject to approval as to their legality by Jones Hall, Professional Law Corporation, San Francisco, California, Bond Counsel, and to certain other conditions. Jones Hall will act as Disclosure Counsel to the Agency. Certain matters will be passed on for the Agency by Tim W. Giles, City Attorney. It is anticipated that the Bonds in book-entry form will be available for delivery through the DTC book-entry system in New York, New York on or about March 8, 2011.

Hollister Avenue Reconstruction. The purpose of the Hollister Avenue Reconstruction Project is to create a more efficient flow of traffic, improve drainage, make sidewalk and parking improvements, accommodation of alternative transportation, enhance safety lighting and add visual appeal to the area with the addition of landscaped medians, sidewalk amenities and other landscaping which will increase the overall appeal of the area and draw new customers to local businesses. The Hollister Corridor experiences major traffic congestion due to a number of factors: local and regional through traffic, driveways along Hollister Avenue that have poor visibility, and on-street parking that slows drivers in the right lane due to safety concerns for

STONE & YOUNGBERG

Dated: March 3, 2011

ATTACHMENT 4

Resolution No.12-__ entitled, “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta adopting the Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) pursuant to Health and Safety Code Section 34177”

RESOLUTION NO. 12-___

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, APPROVING THE UNCERTIFIED SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Goleta (“Successor Agency”) elected to become the successor agency to the dissolved Redevelopment Agency for the City of Goleta by Resolution No. 12-04 on January 17, 2012; and

WHEREAS, Health and Safety Code section 34177(l)(2), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires the Successor Agency to prepare an initial draft of the recognized obligation payment schedule (“ROPS”) by March 1, 2012, covering the period from February 1, 2012 through June 30, 2012; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the Successor Agency to submit the initial draft of the ROPS to an external auditor, either the Santa Barbara County Auditor-Controller or its designee, for the auditor’s review and certification as to its accuracy; and

WHEREAS, the Successor Agency, submitted the initial draft of the ROPS (“Uncertified Successor Agency ROPS”) to an external auditor, either the Santa Barbara County Auditor-Controller or its designee, for the auditor’s review and certification as to its accuracy on February 28, 2012 ; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the Successor Agency to submit the ROPS certified by the external auditor (“Certified ROPS”) to the Successor Agency’s oversight board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS (“Approved ROPS”) to the Santa Barbara County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency’s website; and

WHEREAS, Health and Safety Code section 34182(a), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires either the Santa Barbara County Auditor-Controller or its designee complete an agreed-upon procedures audit of each redevelopment agency in the county by July 1, 2012; and

WHEREAS, a letter to Redevelopment Successor Agency Representatives dated March 2, 2012 from the State Department of Finance (“DOF”) provides that if the auditor designated by your county auditor-controller states the review of the ROPS cannot be completed by April 15, DOF advises the submittal of the uncertified ROPS to DOF without waiting for the auditor’s review; and

WHEREAS, the Uncertified Successor Agency ROPS will be submitted in place of a Certified ROPS pursuant to guidance from DOF’s aforementioned letter dated March 2, 2012; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the Uncertified Successor Agency ROPS through this Resolution does not commit the Oversight Board of the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of Uncertified Successor Agency ROPS. The Oversight Board of the Successor Agency hereby approves and adopts the Uncertified Successor Agency ROPS, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

SECTION 4. Transmittal of Uncertified ROPS. The City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the submission of the Approved Uncertified ROPS to the Santa Barbara County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved Uncertified ROPS on the Successor Agency’s website.

SECTION 5. Effectiveness. This Resolution shall take effect immediately upon its adoption.

SECTION 6. Certification The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, on the 12th day of April, 2012.

RENÉE BAHL
CHAIRPERSON

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK
SUCCESSOR AGENCY SECRETARY

JAMES CASSO
SPECIAL COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Resolution No. 12-__ was duly adopted by the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta at a special meeting held on the 12th day of April, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH CONSTANTINO
CITY CLERK

EXHIBIT A

**UNCERTIFIED SUCCESSOR AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

UNCERTIFIED SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34177 (*) and Section 34182 (**)

Project Name / Debt Obligation	Payee	Description	Funding Source	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 11-12	Payments by month					
						Feb	Mar	Apr	May	Jun	Total
1) Sumida Gardens Project	Sumida Gardens LP	Subsidy of Affordable Housing Project	RPTTF	3,990,683.00	349,925.00				43,420.00		\$ 43,420.00
2) Debt Service	Bank of New York	Tax Allocation Bonds - Debt Service	RPTTF	16,085,000.00	1,902,046.00				599,068.75		\$ 599,068.75
3) Bradock House Project	Surf Development Co.	Subsidy of Affordable Housing Project	LMIHF	200,000.00	200,000.00		200,000.00				\$ 200,000.00
4) CIP Coop. Agreement	City of Goleta	Coop Agreement- Capital Projects	RPTTF	8,395,089.00	0.00						\$ -
5) Bond Trustee Services	Bank of New York	Trustee Services	Bonds	5,000.00	5,000.00		5,000.00				\$ 5,000.00
6) Administrative Cost	City of Goleta	Costs for Successor Agency	ACA, RPTTF	129,000.00	129,000.00	25,800.00	25,800.00	25,800.00	25,800.00	25,800.00	\$ 129,000.00
7)											\$ -
8)											\$ -
9)											\$ -
10)											\$ -
11)											\$ -
12)											\$ -
13)											\$ -
Totals - This Page				\$ 28,804,772.00	\$ 2,585,971.00	\$ 25,800.00	\$ 230,800.00	\$ 25,800.00	\$ 668,288.75	\$ 25,800.00	\$ 976,488.75
Totals - Page 2				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Other Obligations				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages				\$ 28,804,772.00	\$ 2,585,971.00	\$ 25,800.00	\$ 230,800.00	\$ 25,800.00	\$ 668,288.75	\$ 25,800.00	\$ 976,488.75

* The Preliminary Draft of the Initial Recognized Obligation Payment Schedule (IDROPS) was to be prepared by the successor agency by 3/1/2012. It is valid from 2/1/2012 through 6/30/2012.

** This Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) is being submitted for approval to the Oversight Board in place of a Certified ROPS prior to April 15, 2012. It is valid from 2/1/2012 through 6/30/2012.

Description of Sources of Payments:

- Low and Moderate Income Housing Fund ("LMIHF" or 20%)
- Bond Proceeds ("Bonds")
- Reserve Balances ("Reserves")
- Administrative Cost Allowance ("ACA")
- The Redevelopment Property Tax Trust Fund ("RPTTF")
- Other Revenue Sources (i.e., rents, interest earnings, asset sales, etc.) ("Other")

Agency representative to contact with questions:

Tina Rivera, Finance Director, (805) 961-7527, email: trivera@cityofgoleta.org

Updated 3/30/2012

ATTACHMENT 5

Resolution No.12-__ entitled, “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta adopting the Modified Uncertified Successor Agency Recognized Obligation Payment Schedule (ROPS) pursuant to Health and Safety Code Section 34177”

RESOLUTION NO. 12-___

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, APPROVING THE MODIFIED UNCERTIFIED SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Goleta (“Successor Agency”) elected to become the successor agency to the dissolved Redevelopment Agency for the City of Goleta by Resolution No. 12-04 on January 17, 2012; and

WHEREAS, Health and Safety Code section 34177(l)(2), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires the Successor Agency to prepare an initial draft of the recognized obligation payment schedule (“ROPS”) by March 1, 2012, covering the period from February 1, 2012 through June 30, 2012; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the Successor Agency to submit the initial draft of the ROPS to an external auditor, either the Santa Barbara County Auditor-Controller or its designee, for the auditor’s review and certification as to its accuracy; and

WHEREAS, the Successor Agency, submitted the initial draft of the ROPS (“Uncertified Successor Agency ROPS”) to an external auditor, either the Santa Barbara County Auditor-Controller or its designee, for the auditor’s review and certification as to its accuracy on February 28, 2012 ; and

WHEREAS, Health and Safety Code section 34177(l)(2) requires the Successor Agency to submit the ROPS certified by the external auditor (“Certified ROPS”) to the Successor Agency’s oversight board for its approval, and upon such approval, the Successor Agency is required to submit a copy of the approved ROPS (“Approved ROPS”) to the Santa Barbara County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and post the Approved ROPS on the Successor Agency’s website; and

WHEREAS, Health and Safety Code section 34182(a), as modified by the Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, requires either the Santa Barbara County Auditor-Controller or its designee complete an agreed-upon procedures audit of each redevelopment agency in the county by July 1, 2012; and

WHEREAS, a letter to Redevelopment Successor Agency Representatives dated March 2, 2012 from the State Department of Finance (“DOF”) provides that if the auditor designated by your county auditor-controller states the review of the ROPS cannot be completed by April 15, DOF advises the submittal of the uncertified ROPS to DOF without waiting for the auditor’s review; and

WHEREAS, the Oversight Board has elected to modify the Uncertified Successor Agency ROPS adopted by Resolution No. 12-10 on February 21; and

WHEREAS, the Modified Uncertified Successor Agency ROPS will be submitted in place of a Certified ROPS pursuant to guidance from DOF’s aforementioned letter dated March 2, 2012; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. CEQA Compliance. The approval of the Uncertified Successor Agency ROPS through this Resolution does not commit the Oversight Board of the Successor Agency to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of Modified Uncertified Successor Agency ROPS. The Oversight Board of the Successor Agency hereby approves and adopts a Modified Uncertified Successor Agency ROPS, in substantially the form attached to this Resolution as Exhibit A, as required by Health and Safety Code Section 34177.

SECTION 4. Transmittal of Uncertified ROPS. The City Manager is hereby authorized and directed to take any action necessary to carry out the purposes of this Resolution and comply with applicable law regarding the submission of the Approved Uncertified ROPS to the Santa Barbara County Auditor-Controller, the California State Controller, and the State of California Department of Finance, and posting the Approved Uncertified ROPS on the Successor Agency’s website.

SECTION 5. Effectiveness. This Resolution shall take effect immediately upon its adoption.

SECTION 6. Certification The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, on the 12th day of April, 2012.

RENÉE BAHL
CHAIRPERSON

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK
SUCCESSOR AGENCY SECRETARY

JAMES CASSO
SPECIAL COUNSEL

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA) ss.
CITY OF GOLETA)

I, DEBORAH CONSTANTINO, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Resolution No. 12-__ was duly adopted by the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta at a special meeting held on the 12th day of April, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

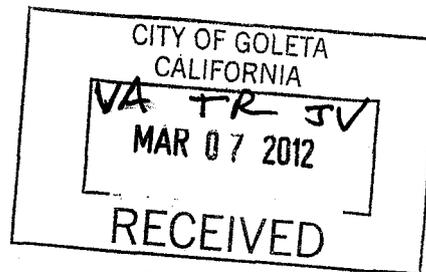
DEBORAH CONSTANTINO
CITY CLERK

EXHIBIT A

**MODIFIED UNCERTIFIED SUCCESSOR AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

ATTACHMENT 6

**California Department of Finance Letter dated
March 2, 2012**



March 2, 2012

Dear County Board of Supervisors, City Administrators, and
Redevelopment Successor Agency Representatives:

The purpose of this letter is to provide information on some of the most important next steps required to implement Assembly Bill 26, First Extraordinary Session (ABX1 26, Chapter 5, Statutes of 2011), which dissolved redevelopment agencies (RDAs) effective February 1, 2012 and replaced them with successor agencies. According to our records, your city (or county) has chosen to act as the successor agency for your former RDA.

Before it was dissolved, your former RDA submitted to the Department of Finance (Finance) an Enforceable Obligation Payment Schedule (EOPS) which listed the various financial obligations that the RDA believed to be Enforceable Obligations, as that term is defined by ABX1 26. The EOPS should be extended until a Recognized Obligation Payment Schedule (ROPS) listing all enforceable obligations proposed for payment between January 1, 2012 and June 30, 2012 can be adopted and is valid.

Pursuant to the timeline in ABX1 26 as revised by the Supreme Court's order, the first ROPS must be approved in initial form by your successor agency's governing body no later than March 1, 2012. The ROPS must be approved by the oversight board in final form no later than April 15, 2012, and also must be submitted to Finance, the State Controller, and the county auditor-controller for review no later than the April 15, 2012. Beginning May 1, 2012, only those payments on an approved ROPS should be made for the period through June 30, 2012. The ROPS for the period July 1, through December 31, 2012 must be submitted to Finance and the county auditor as soon as possible but no later than May 11. This will leave 10 working days for our review and four working days for the county auditor-controller to prepare to make timely payments to successor agencies and taxing agencies on June 1, 2012, as required by ABX1 26. While Finance will make every effort to reach agreement with successor agencies on items to be included in the ROPS by those dates, additional time may be needed to review complex items. Thus we encourage agencies with complex issues to bring them to our attention as soon as possible.

In order to expedite our review of the ROPS, Finance auditors are currently reviewing the EOPS that has been submitted to identify any items which may require more information to assist our review. We request that your staff cooperate with requests for information. We anticipate that some items that we do not believe are enforceable obligations may be identified in this process and we will be providing you with notice of those so that they may be removed from the ROPS.

Finance staff will notify the staff contact for the successor agency within three days by e-mail if we are exercising our right to further review items in the ROPS. We will provide notice of which items we are reviewing within 10 days. After that notice and after May 1, no payment related to any such items should be made, even if they are on a previously adopted EOPS, until Finance agrees to the inclusion of the item on the ROPS.

While we hope that agreement can be reached on most items, there are likely to be some items included on the ROPS on which agreement cannot be reached by the time payments are to be made to successors and taxing agencies under the law. We believe that the fiduciary duty a successor agency owes to its undisputed creditors takes precedence over any right to dispute whether other items are enforceable obligations. We respect the rights of a successor agency to maintain a different position with regard to such items and recognize that litigation may be necessary to resolve some disputes. We will endeavor to minimize the cost of litigation by continuing to research and discuss any disputed items until it is clear that no mutually satisfactory resolution is possible. Once a payment date is reached, Finance views the undisputed items to be the ROPS for purposes of distribution of funds from the Redevelopment Property Tax Trust Fund for that six month period and will be providing notice to the county auditor of those items no later than five working days prior to a statutory distribution date. If resolution of the dispute later determines that an item is an enforceable obligation, it may be placed on the next ROPS.

The review of the ROPS by the public and the oversight board is very important and adequate time should be allowed for this to take place. Given these compressed timeframes, we believe it would be prudent for your oversight board to review, approve, and submit the ROPS to Finance at the earliest possible time. If we object to any items on your ROPS, this early submittal will help ensure any problems are resolved before May 1 and May 11 deadlines, thereby enabling your Successor Agency to make debt payments timely and to receive funding for all enforceable obligations.

Your successor agency's oversight board has seven members, of whom one is appointed by the city, two by the county board of supervisors, one by the county superintendent of education, one by the California Community Colleges, one by the largest special district by property tax share with territory in the former RDA's project areas, and one to represent the employees of the former RDA. Since the ROPS must be approved by the oversight board by April 15, and since the ROPS cannot be submitted to Finance until it has been approved by the oversight board, we encourage you to work expeditiously with the various appointing powers to ensure they name their oversight board members as soon as possible.

Finally, ABX1 26 states that the initial ROPS must be submitted to the auditor performing the agreed upon procedures audit for review. While it would be preferred that this take place in conjunction with the completion of the agreed upon procedures audit, this review of the initial ROPS is a separate action that should not be delayed pending completion of the audit.

County auditor-controllers have until July 1, 2012 to arrange for completion of these audits pursuant to the California Supreme Court's revised ABX1 26 timeline, and we understand many auditors may require even longer to actually complete the audits. Consequently, if the auditor designated by your county auditor-controller states the review of the ROPS cannot be completed by April 15, we advise you to submit your ROPS to Finance without waiting for the auditor's review. If, however, your auditor states they will complete the ROPS review by April 15, we advise you to not submit the ROPS until the review is complete. We advise you to consult your county auditor-controller on the timing of the agreed-upon-procedures audit.

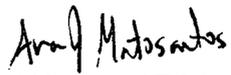
We would appreciate receiving a copy of the auditor's report when it is completed. This will help expedite review of your ROPS.

The Department of Finance website contains substantial additional information about ABX1 26 that is updated as we develop responses to questions and work with other parties. This can be found at the following link:

http://www.dof.ca.gov/assembly_bills_26-27/view.php

Thank you for your attention to this matter. Please direct any questions to Finance staff at (916) 445-1546, or send an e-mail to: reddevelopment_administration@dof.ca.gov.

Sincerely,



ANA J. MATOSANTOS
Director