

Agenda Item A.1
ADMINISTRATIVE ACTION
Meeting Date: September 9, 2015

A.1 Approval of February 18, 2015 Oversight Board Meeting Minutes

**SPECIAL MEETING MINUTES
OF THE
OVERSIGHT BOARD OF THE
GOLETA RDA SUCCESSOR AGENCY**

WEDNESDAY, FEBRUARY 18, 2015

3:00 P.M. – 3:30 P.M.

City Hall

130 Cremona Drive, Suite B

Goleta, California

Board Members

Renée Bahl, Chair

Vyto Adomaitis, Vice Chair

Tom Alvarez, Board Member

Dan Eidelson, Board Member

Brian Fahnestock, Board Member

Ralph Pachter, Board Member

Genie Wilson, Board Member

Selected By:

SB County Board of Supervisors (“BOS”)

Mayor, City of Goleta

BOS, acting as Board of Directors of the

SB County Fire Protection District

BOS, Member of the Public Appointee

Chancellor of California Community Colleges

SB County Superintendent of Schools

Mayor, City of Goleta

Genie Wilson, Board Member, was provided the Oath of Allegiance, by Deborah Lopez, City Clerk.

CALL TO ORDER

The meeting was called to order at 3:09 p.m.

Present: Chair Bahl, Vice Chair Adomaitis, Board Members Alvarez, Pachter, and Wilson.

Absent: Board Members Eidelson and Fahnestock.

Staff Present: Tim W. Giles, City Attorney/Successor Agency Counsel; Jaime Valdez, Economic Development Coordinator; Jamie Casso, Casso & Sparks, LLP and Liana Campos, Deputy City Clerk.

PUBLIC FORUM

Speakers:

None

A. ADMINISTRATIVE ACTIONS

A.1 Approval of September 24, 2014 Oversight Board Meeting Minutes (Lopez)

Recommendation:

Approve the September 24, 2014 Oversight Board Meeting Minutes.

MOTION: Vice Chair Adomaitis/Board Member Pachter motion to approve the September 24, 2014 Oversight Board Meeting Minutes.

VOTE: Approved the following voice vote: Ayes: Chair Bahl, Vice Chair Adomaitis, Board Members Alvarez, and Pachter. Noes: None. Absent: Board Members Eidelson, Fahnestock. Abstention: Board Member Wilson.

B. DISCUSSION/ACTION ITEMS

B.1 Administrative Budget and Recognized Obligation Payment Schedule for July 1, 2015 to December 31, 2015 (ROPS 15-16A) (Valdez)

Recommendations:

A. Adopt Resolution No.15-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Successor Agency's Administrative Budget for the Period July to December 2015, Pursuant to Health and Safety Code Section 34177(j)."

B. Adopt Resolution No.15-__ entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving a Recognized Obligation Payment Schedule for the Period July to December 2015, Pursuant to Health and Safety Code Section 34177(l) and (m)."

MOTION: Vice Chair Adomaitis/Board Member Pachter motion to adopt Resolution No.15-01 entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Successor Agency's Administrative Budget for the Period July to December 2015, Pursuant to Health and Safety Code Section 34177(j)."

VOTE: Approved the following voice vote: Ayes: Chair Bahl, Vice Chair Adomaitis, Board Members Alvarez, Pachter and Wilson. Noes: None. Absent: Board Members Eidelson, Fahnestock.

MOTION: Vice Chair Adomaitis/Board Member Pachter motion to adopt Resolution No.15-02 entitled "A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving a Recognized Obligation Payment Schedule for the Period July to December 2015, Pursuant to Health and Safety Code Section 34177(l) and (m)."

VOTE: Approved the following voice vote: Ayes: Chair Bahl, Vice Chair Adomaitis, Board Members Alvarez, Pachter and Wilson. Noes: None. Absent: Board Members Eidelson, Fahnestock.

C. BOARD MEMBER COMMENTS

D. ADJOURNMENT AT 3:43 P.M.

Agenda Item B.1
DISCUSSION/ACTION ITEM
Meeting Date: September 9, 2015

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jamie Casso, Special Counsel

SUBJECT: Oversight Board Legislative Update

RECOMMENDATION:

Receive information related to RDA Dissolution and Oversight Board responsibilities.

BACKGROUND:

A request was made to the Oversight Board Special Counsel (Special Counsel) to provide a legislative update on AB 113.

DISCUSSION:

The attached memo from Special Counsel addresses the request to provide an update on AB 113 (Attachment 1).

Approved By:

Jamie Casso
Special Counsel

ATTACHMENTS:

1. Casso & Sparks Memorandum on AB 113, dated September 2, 2015

ATTACHMENT 1

**Casso & Sparks Memorandum on AB 113,
dated September 2, 2015**



MEMORANDUM

To: Chair Renee Bahl & Members of the Goleta Oversight Board

From: James M. Casso, Oversight Board Counsel 

Subject: AB 113, amendments to AB 26 X 1 & AB 1484, the Dissolution Act

Date: September 2, 2015

In January 2015, AB 113 was introduced to revise provisions of the Dissolution Act and reverse certain court decisions affecting the winding down of redevelopment agencies and the operations of successor agencies (“SA”) throughout California. Based on the latest information, AB 113 has stalled in the Senate Budget and Fiscal Review Committee. As of August 28, I learned that certain members of the Assembly are trying to craft a revised version of AB 113 so that the Legislature can consider and adopt it before this session adjourns. This session adjourns on September 11.

Some advocacy groups, such as the League of California Cities (“LOCC”) argue that AB 113 completely revamps the Dissolution Act, restricting flexibility available to successor agencies in the wind down process, e.g., if a successor agency challenges in court a decision by the Department of Finance (“DOF”) and loses, the sponsoring city would be liable for the legal costs incurred, to other organizations such as the California State Association of Counties that have taken a “neutral position” on AB 113 as it relates to the Dissolution Act.

Among the “significant” provisions in AB 113 are:

WIND DOWN

- Establishes a last and final Recognized Obligation Payment Schedule (ROPS) that would allow a city to submit a final ROPS and have automatic payments for the SAs enforceable obligations.
 - Allows SAs to be on a veritable autopilot while providing ongoing certainty for all future payments.
 - Allows for accelerated loan repayments for most SAs.
 - Removes the requirement for a SA to have to go to their Oversight Board (OB) for most activities including amendments to existing agreements.

- Creates an annual ROPS process, which limits by 50 percent the amount of work that needs to be done by SAs.
- Extends the timeframe for transition to countywide OBs to July 1, 2017. This gives more time for a SA to successfully wind down its activities with their local OB and access the last and final ROPS for automatic payments of its enforceable obligations.
- Allows SAs to get a Finding of Completion even if all payments have not been made by entering into a payment plan with the department.
- Establishes a process to terminate an OB and SA once all enforceable obligations have been paid off.

NEW ENFORCEABLE OBLIGATION DEFINITION

- Settles an ongoing lawsuit issue related to reentered agreements during the time period between January 1, 2012 and June 27, 2012. The Department officially dropped its appeal allowing those reentered agreements to be deemed valid.
- Projects related to state highway improvements are deemed enforceable obligations.
- Allows parking lots to be defined as a “governmental purpose” and allows cities and/or counties an opportunity to amend current property plans to allow for retention as governmental purpose.
- Allows refunding bonds issued no later than June 27, 2011 to be enforceable obligations.
- Allows use of some proceeds from bonds sold in 2011 for purposes in line with the bond covenant.
- Allows the return of tax increment on pension and state water project override levies to be returned to the levying entity if amounts are not needed for payment of indebtedness obligations.

HOUSING

- Allows San Francisco flexibility to meet its affordable housing obligations by pooling former tax increment from all project areas and allowing them to accelerate payment of final and conclusive enforceable obligations.
- Allows for expenditure of all proceeds from housing bonds issued in 2011.
- Increases the reporting and transparency of deposits made into the Low and Moderate Income Housing Asset Fund.

- **LOANS AND LAIF**

LAIF

- Establishes a 3% interest rate on repayment of loans for SAs with a Finding of Completion.
 - Some SAs with more recent loans will see a significant benefit to the amount of money to be repaid to cities based on this rate.
 - Prospectively, all loans are only earning the current LAIF rate of 0.2% and all cities will see a significant increase in the amount of money to be repaid based on this rate.
 - If a city goes into the last and final ROPS, that SA will be eligible for a repayment of loans at a 4% interest rate.
- Codifying this language brings an end to competing interpretations of current law. Establishing a set interest rate provides certainty to cities and the department on what rate should be used when making the calculations.

LOANS

- Allows for accelerated loan repayments for most SAs who go into a last and final ROPS
- Clarifies that tax increment caps and project area expiration dates do not apply for purpose of repaying loans—under current law, most loans were not eligible to be fully repaid due to these restrictions.

Despite many of aspects of AB 113 to revise and clarify the Dissolution Act, it is opposed by the LOCC and 115 California cities, including Goleta. At this time, it is unknown whether AB 113 will be approved by the Legislature.

Agenda Item B.2
DISCUSSION/ACTION ITEM
Meeting Date: September 9, 2015

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jaime Valdez, Economic Development Coordinator

SUBJECT: City of Goleta and Goleta RDA Successor Agency Litigation Update

RECOMMENDATION:

Receive information on City of Goleta and Goleta Redevelopment Agency Successor Agency litigation versus California Department of Finance.

BACKGROUND:

As result of ABx1 26 and subsequently AB 1484 (jointly, "Dissolution Legislation"), activities of the former Goleta Redevelopment Agency (Goleta RDA) were contested by the California Department of Finance (DOF). In response to the DOF's May 9, 2013 Final Determination Letter concerning its Due Diligence Review that contested over \$18 million in transfers, the City of Goleta and the Goleta RDA Successor Agency filed a petition for Writ of Mandate on June 10, 2013. The case number in Sacramento Superior Court is 34-2013-80001521-CU-WM-GDS.

DISCUSSION:

The focus of the litigation is on the Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds (2011 TABs). The 2011 TABs and the associated bond purchase agreement, cooperation agreements, promissory note, and joint exercise of powers agreement are also being considered as they relate to the litigation.

While a number of actions have taken place with the Sacramento Superior Court over the last two years, the following summarizes the remaining schedule known to the City and Successor Agency at the time this report was created:

- August 27, 2015—City's/Successor Agency's Opening Briefing
- October 8, 2015—State's Opposition Briefing
- October 29, 2015—City's/Successor Agency's Reply Briefing
- November 20, 2015—Hearing

For the Board's convenience and reference, Staff has included the Notice of Motion and Motion for Writ of Mandate dated August 27, 2015 (Attachment 1).

In addition to the litigation related to the 2011 TABs currently underway, Staff has been in contact with the DOF with regards to the possible refinancing of those existing bonds. To date the DOF has not been amenable to a refinancing of the bonds in question given the on-going litigation. According to DOF staff, the only refinancings that have been allowed to date are those related to bonds issued on or before December 31, 2010.

FISCAL IMPACTS:

Other than soft costs related to staff time which have been accounted for in the Successor Agency's Proposed Administrative Budget, no additional funds were involved with the preparation of this staff report.

ALTERNATIVES:

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

Approved By:

Michelle Greene
Executive Director

ATTACHMENT:

1. Notice of Motion and Motion for Writ of Mandate dated August 27, 2015.

ATTACHMENT 1

**Notice of Motion and Motion for a Writ of Mandate
by City of Goleta and Successor Agency to the
Redevelopment Agency for the City of Goleta,
Dated August 27, 2015**

1 TIM W. GILES, SBN 145638
TGiles@cityofgoleta.org
2 City Attorney, CITY OF GOLETA, and

3 GIBSON, DUNN & CRUTCHER LLP
4 JEFFREY D. DINTZER, SBN 139056
JDintzer@gibsondunn.com
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7 Los Angeles, California 90071-3197
Telephone: (213) 229-7000
8 Facsimile: (213) 229-7520

9 Attorneys for Petitioners/Plaintiffs,
10 CITY OF GOLETA and SUCCESSOR
11 AGENCY TO THE REDEVELOPMENT
AGENCY FOR THE CITY OF GOLETA

**[Exempt from Filing Fees Pursuant to
Government Code § 6103]**

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13
14 COUNTY OF SACRAMENTO

15 CITY OF GOLETA, a California municipal
16 corporation; and SUCCESSOR
17 AGENCY TO THE REDEVELOPMENT
18 AGENCY FOR THE CITY OF GOLETA, a
public entity,

19 Petitioners/Plaintiffs,

20 v.

21 MICHAEL COHEN, in his official capacity as
22 Director of the California Department of Finance;
23 CALIFORNIA DEPARTMENT OF FINANCE,
a public agency; et al.;

24 Respondents/Defendants.

CASE NO. 34-2013-80001521-CU-WM-GDS

Assigned for All Purposes to Judge Michael P.
Kenny – Department 31

**NOTICE OF MOTION AND MOTION FOR
A WRIT OF MANDATE BY CITY OF
GOLETA AND SUCCESSOR AGENCY TO
THE REDEVELOPMENT AGENCY FOR
THE CITY OF GOLETA**

*[Notice of Motion and Hearing; Declaration of
Nathaniel Johnson filed concurrently;
[Proposed] Order lodged concurrently]*

Date: November 20, 2015

Time: 9:00 a.m.

Location: Department 31

Date of Filing

Of Complaint: June 10, 2013

Trial Date: Not Yet Scheduled

1 **TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

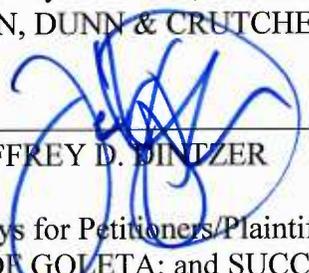
2 PLEASE TAKE NOTICE that on November 20, 2015, at 9:00 a.m., or as soon thereafter as
3 counsel can be heard, in Department 31 of the above-captioned Court, located at 720 9th Street,
4 Sacramento, California 95814, Petitioners City of Goleta and Successor Agency to the
5 Redevelopment Agency for the City of Goleta will and hereby do move pursuant to Code of Civil
6 Procedure section 1085 for a writ of mandate ordering Michael Cohen and the Department of Finance
7 (collectively, "DOF") to approve three Recognized Obligation Payment Schedule items totaling
8 \$18,125,358 submitted by Petitioners following Due Diligence Review that the DOF denied in its
9 letter to Petitioners dated April 8, 2013. Writ relief is necessary to preclude the DOF from violating
10 provisions the Dissolution Law of ABx1 26 and AB 1484 by enforcing its order to the City of Goleta
11 to remit funds transferred to the City by the former Goleta Redevelopment Agency pursuant to
12 enforceable obligations of the former Redevelopment Agency.

13 This Motion is based upon this Notice, the accompanying Memorandum of Points and
14 Authorities, the Declaration of Nathaniel Johnson, all pleadings, papers, and records on file in this
15 action, including the Petition filed in this action on June 10, 2013, all exhibits attached thereto, the
16 administrative record of proceedings, and such other matters or evidence as the Court may consider at
17 hearing on this matter.

18 Pursuant to Local Rule 1.06, the Court will make a tentative ruling on the merits of this matter
19 by 2:00 p.m., the court day before the hearing. To receive the tentative ruling, you can access the
20 Court's website at www.saccourt.ca.gov or arrange to obtain the tentative ruling from the clerk of
21 Department 31. If you do not call the Court and the opposing party by 4:00 p.m. the court day before
22 the hearing, no hearing will be held.

23 Dated: August 27, 2015

Respectfully submitted,
GIBSON, DUNN & CRUTCHER LLP

24
25 By: 
26 JEFFREY D. DINTZER

27 Attorneys for Petitioners/Plaintiffs,
28 CITY OF GOLETA; and SUCCESSOR
AGENCY TO THE REDEVELOPMENT
AGENCY FOR THE CITY OF GOLETA

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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION

3 On April 8, 2013, the Department of Finance inappropriately invoked its authority under the
4 Dissolution Law to issue a letter to the City of Goleta ordering the City to remit \$18,125,358 of funds
5 transferred to the City by the former Goleta Redevelopment Agency pursuant to enforceable
6 obligations of the Agency. The three transfers at issue have already been spent on vital Public Safety
7 Flood Improvements in “Old Town” Goleta as required by the bond Indenture between the Agency
8 and a third party, as well as the Cooperation Agreement between the City and the Agency. Each of
9 the three transfers to the City was made by the Agency in accordance with its enforceable obligations
10 under the Indenture and the Cooperation Agreement.

11 The DOF is now demanding that the City pay the State from its limited General Fund
12 revenues simply because the funds were transferred to the City by the former Redevelopment
13 Agency. Because the funds at issue were transferred from the Agency to the City pursuant to
14 *enforceable obligations that pre-existed the Dissolution Law*, the Dissolution Law precludes the
15 DOF from ordering the City to remit the funds. Despite the DOF’s demands, the Dissolution Law is
16 simply not intended to affect such transfers.

17 Should the DOF have its way, it will actually affect a windfall on the taxing entities that
18 already stand to benefit from the Public Safety Flood Improvements constructed in Old Town. As
19 properties in Old Town are moved out of the flood zone, property values inexorably rise as well,
20 which results in increased revenue for all taxing entities. The taxing entities stand to receive a
21 windfall if they are allowed to receive the over \$18 million the State plans to take from the City,
22 while simultaneously benefiting from the increased property tax revenues that will flow from the
23 superior land values guaranteed by the Public Safety Flood Improvements.

24 This windfall to the taxing entities would conversely wreak needless harm on the City by
25 undercutting the City’s ability to offer essential services to its citizens. The funds at issue have
26 already been spent, and forcing the City to remit such an enormous sum of money would necessarily
27 undermine the City’s ability to provide for the welfare of its citizenry. Most immediately, the City
28 would likely be forced to delay critical infrastructure projects. Additionally, the City would face the

1 harrowing prospect of terminating employees and cutting back on services across the board.

2 The City should not have to endure such a painful blow to its General Fund on the basis of a
3 law that purports to guarantee municipalities the revenue necessary to provide vital services.

4 Petitioners respectfully request this Court issue a writ of mandate ordering the DOF to approve the
5 three Recognized Obligation Payment Schedule items totaling \$18,125,358 submitted by the City
6 following Due Diligence Review that the DOF denied in its letter to Petitioners dated April 8, 2013.

7 II. FACTUAL BACKGROUND

8 A. The Goleta Redevelopment Agency Was Created By The County Of Santa Barbara To 9 Revitalize Old Town and Implement Public Safety Flood Improvements.

10 Portions of Goleta “Old Town” are situated within the 100-year floodplain of the San Jose
11 Creek. (Declaration of Nathaniel Johnson In Support of Motion (“Johnson Decl.”), Ex. 1 at p.2.)
12 Unfortunately, the current capacity of the San Jose Creek Channel is insufficient to accommodate a
13 100-year flood storm, putting Old Town at enormous risk during flood events. (Johnson Decl., Ex. 2
14 at p. 1.) Flood waters have traditionally broken out at Hollister Bridge and caused substantial
15 damage in Old Town. (*Ibid.*) Over the years, the cost of flood damage to the San Jose Creek
16 Channel has been as much as \$1.5 million. (*Id.*, Ex. 3 at p. 5.) On March 10, 1995, a serious flood
17 event occurred when the San Jose Creek jumped its banks at and above Hollister Avenue. (*Id.* at p.
18 1.) The event caused significant flooding and damages in Old Town. (*Id.* at p. 5.) Moreover, the
19 San Jose Creek lies within the South Coast Flood Zone, which has suffered additional recent flood
20 disasters in 1998, 2001, and 2005. (*Id.* at p. 2.)

21 The County of Santa Barbara long ago recognized this dangerous and expensive flooding
22 threat. In 1998, prior to the City of Goleta’s incorporation, the County began to set up funding to
23 provide the improvements necessary to address this significant public safety issue. (*Id.*, Ex. 1 at p. 2.)
24 The County subsequently formed the Goleta Old Town Redevelopment Project Area and adopted the
25 Goleta Old Town Revitalization Plan, which identified specific projects to tackle the perilous and
26 costly risk of floods in Old Town, including the San Jose Creek Channel Improvements,
27 Ekwil/Fowler Road Extensions and Hollister Reconstruction (collectively, “Public Safety Flood
28 Improvements”). (*Id.*, Ex. 4 at p. 87.) The goal of the accompanying Public Safety Flood

1 Improvements is “to lessen the severity of flooding impacts during storm events and to prevent
2 uncontrolled runoff within the Project Area.” (*Id.* at p. 88.) The County specifically identified
3 redevelopment revenue as the likely source to implement these improvements. (*Ibid.*)

4 The City of Goleta incorporated in 2002, and thereafter took over redevelopment
5 responsibility of the Old Town Redevelopment Project Area previously established by the County by
6 declaring itself and its City Council to be the Redevelopment Agency for Goleta (“Agency”). (*Id.*,
7 Ex. 5.) The City decided to allow the Agency to continue to operate by directing the County of Santa
8 Barbara Auditor-Controller to continue to fund redevelopment operations, which would continue to
9 be provided by County staff, until further orders of the City or the Agency dictated otherwise. (*Id.* at
10 p. 2..) The City soon thereafter explicitly and completely adopted the Goleta Old Town
11 Revitalization Plan from the County, including the Public Safety Flood Improvements. (*Id.*, Ex. 6.)

12 In June 2003, the Agency adopted a resolution authorizing a Five Year Implementation Plan
13 for the Goleta Old Town Redevelopment Project Area. (*Id.*, Ex. 7.) The plan’s section on anticipated
14 projects and programs listed the Public Safety Flood Improvements, with the “San Jose Creek Flood
15 Control Improvements” identified first. (*Id.* at p. 8.)

16 Detailed plans to implement the Public Safety Flood Improvements to the San Jose Creek
17 Channel began in 2006, when the City and the Agency entered into a Cooperation Agreement
18 whereby the City would begin construction on the improvement projects while the Agency would
19 transfer funds to the City for incurred costs and expenses. (*Id.*, Ex. 8.) This agreement listed the
20 “San Jose Creek Public Safety Flood Improvements” as the first in a list of projects slated for
21 implementation in fiscal year 2006–07, and provided for an initial expenditure of \$135,638 toward
22 this project. (*Id.* at p. 2.) The Agency specifically agreed to “reimburse the City for all costs incurred
23 for services by the City pursuant to this Agreement.” (*Id.* at p. 3.) The parties expressly intended
24 “that the City shall be entitled to repayment of the expenses incurred by the City under this
25 Agreement, consistent with the Agency’s financial ability, in order to make the City whole as soon as
26 practically possible.” (*Ibid.*) The Cooperation Agreement further clarified that the Agency’s
27 obligations “shall constitute an indebtedness of the Agency within the meaning of Section 33670 et
28 seq. of the Redevelopment Law, to be repaid to the City by the Agency” with interest. (*Ibid.*). The

1 Cooperation Agreement was duly executed by the City and the Agency, thereby constituting a
2 binding obligation on the Agency to transfer repayment to the City in consideration for financing the
3 long-planned Public Safety Flood Improvements. (*Id.* at p. 4.)

4 The following year, the City and the Agency continued to work toward securing full financing
5 for implementation of the Goleta Old Town Revitalization Plan. The City and the Agency agreed to
6 jointly exercise their authority to finance the redevelopment projects through the “Goleta Financing
7 Authority.” (*Id.*, Ex. 9.) The purpose of the joint powers agreement was “to provide for the
8 financing of Public Capital Improvements for the Members and any Local Agency through the
9 acquisition by the Authority of such Public Capital Improvements and/or the purchase by the
10 Authority of Obligations of either of the Members or a Local Agency pursuant to Bond Purchase
11 Agreements and/or the lending of funds by the Authority to a Member or a Local Agency.” (*Id.*, §
12 2.01 [“Purpose”].)

13 In addition, the County Board of Supervisors authorized development of a Memorandum of
14 Understanding (“MOU”) between the City and the Santa Barbara County Flood Control and Water
15 Conservation District (“County Flood District”) to fund the Public Safety Flood Improvements, in
16 conjunction with a redesign of the project to accommodate fish passage. (*Id.*, Ex. 3; *see also id.*, Ex.
17 1 at p. 3.) The MOU was a regional cooperative effort obligating the City to lead construction of the
18 improvements by committing funding from the Agency. (*Id.*, Ex. 3.) Financing from the Agency
19 was necessary because of the County Flood District’s inability to complete the project due to lack of
20 funding. (*Id.* at p. 2.)

21 To realize the goals of the Revitalization Plan and accompanying Public Safety Flood
22 Improvements, the City, the Agency, and the Goleta Financing Authority approved the issuance of
23 tax allocation bonds. (*Id.*, Exs. 10–12.) However, due to the deteriorating municipal bond market in
24 2007, the bond sale was temporarily delayed in the interest of fiscal prudence. (*Id.*, Ex. 1.) In order
25 to protect the taxpayers from an unfavorable bond issuance, the City opted to provide interim
26 financing to the Agency—via short-term loans—to keep the project moving forward until permanent
27 financing was secured.

1 In 2008, the Agency once again affirmed the importance of the Public Safety Flood
2 Improvements by including them in its Five Year Implementation Plan for the Old Town
3 Redevelopment Project Area, and specifically listed the “San Jose Creek Flood Improvement & Fish
4 Passage” plan as a pending project. (*Id.*, Ex. 13 at p. 6.) The Agency noted preliminary cost
5 estimates of approximately \$14,364,980. (*Ibid.*)

6 On June 16, 2009, the City and the Agency entered into a second Cooperation Agreement for
7 the Public Safety Flood Improvements. (*Id.*, Ex. 15.) The updated Cooperation Agreement reflected
8 adjusted cost estimates, but otherwise largely mirrored the language of the 2006 Cooperation
9 Agreement. (Compare *Id.*, Ex. 8, with *id.*, Ex.. 15.) Just as in 2006, the Agency is obligated to
10 reimburse the City for all costs incurred pursuant to the Cooperation Agreement, while the City is
11 entitled to repayment of expenses incurred implementing the Public Safety Flood Improvements.
12 (*Id.*, Ex. 15 at p. 3..) The Cooperation Agreement also emphasized once more “[a]lthough the parties
13 recognize that payment may not occur for a few years and that repayment may also occur over a
14 period of time, it is the express intent of the parties that the City shall be entitled to repayment of the
15 expenses incurred by the City under this Agreement, consistent with the Agency’s financial ability, in
16 order to make the City whole as soon as practically possible.” (*Ibid.*) As in 2006, the City and the
17 Agency agreed that the Agency’s obligation constitutes “an indebtedness of the Agency.” (*Ibid.*)
18 The updated Cooperation Agreement was executed by both the City and the Agency, and constituted
19 a binding contract for financing of the Public Safety Flood Improvements. (*Id.* at p. 4.)

20 In 2010, the City and the County Flood District entered into a Cooperative Agreement for
21 construction of improvements to the San Jose Creek Channel and Hollister Avenue. (*Id.*, Ex. 15.)
22 This agreement stated that the City “has identified this PROJECT as their highest priority for Flood
23 Control within the City and desires that PROJECT be expedited to protect property within the CITY
24 and to facilitate economic development in the area.” (*Id.* at p. 1.) The terms of the agreement
25 obligated the City to pay all costs for the project, less contributions by the County Flood District of
26 \$5 million. (*Id.* at p. 2–3.)

1 **B. The Agency Issued Bonds That Require Implementation Of The Public Safety Flood**
2 **Improvements To Avoid Default.**

3 With \$5 million now committed from the County Flood District, the City and the Agency
4 agreed that the time was ripe to proceed with the bond sale initially contemplated in 2007. On
5 February 24, 2011, the Agency adopted another resolution authorizing the issuance of bonds to
6 finance the Goleta Old Town Redevelopment Project, just as it had done in 2007 before market
7 conditions forced a delay in the issuance of the bonds. (Johnson Decl., Ex. 16.)

8 On March 1, 2011, the Agency entered into an Indenture of Trust with the Bank of New York
9 Mellon Trust Company, N.A. (*Id.*, Ex. 17.) The Indenture between the Agency and the Bank of New
10 York Mellon Trust Company required that \$14,082,472.30 of the bond proceeds *must be transferred*
11 for deposit in the “Redevelopment Fund.” (*Id.*, § 3.02.) The Redevelopment Fund is defined at
12 Section 3.04 of the Indenture as “a separate and segregated fund,” with the requirement that “[t]he
13 moneys in the Redevelopment Fund shall be maintained separate and apart from other moneys of the
14 Agency, and shall be used in the manner provided by the Law solely for the purpose of aiding in
15 financing the Redevelopment Project, including, without limitation, the payment of any unpaid Costs
16 of Issuance.” (*Id.*, § 3.04.)

17 Moreover, the Indenture obligated the Agency to transfer the bond proceeds to the City
18 pursuant to the 2009 Cooperation Agreement. As dictated to the Indenture, the Agency “*covenants*
19 *to discharge its obligations under the Cooperation Agreement by transferring the amounts*
20 *deposited in the Redevelopment Fund to the City to pay for the improvements specified in the*
21 *Cooperation Agreement.*” (*Ibid.*, emphasis added.) By incorporating the Cooperation Agreement,
22 the Indenture obligates the Agency to transfer bond proceeds to the City for reimbursement of
23 expenses incurred during implementation of the Public Safety Flood Improvements.

24 If the Agency fails to “transfer[] the amounts deposited in the Redevelopment Fund to the
25 City to pay for the improvements specified in the Cooperation Agreement” (*ibid.*), it would face
26 default on the bond for its failure “in the observance of *any of the covenants*, agreements or
27 conditions on its part in this Indenture or in the Bonds contained.” (*Id.*, § 8.01, emphasis added.) In
28 the event of a default by the Agency, the bond Trustee is empowered to “exercise any remedies

1 available . . . in law or at equity.” (*Ibid.*) The Indenture further states that “all the covenants and
2 agreements in this Indenture contained by or on behalf of the Agency or the Trustee shall bind and
3 inure to the benefit of the respective successors and assigns thereof whether so expressed or not.”
4 (*Id.*, § 9.02.) The covenants in the Indenture thus bind the Goleta Successor Agency, which assumes
5 potential liability any failure to observe any of the covenants, agreements or conditions of the
6 Indenture. Unless Petitioners are allowed to transfer the bond proceeds to the City as required by the
7 Indenture, Petitioners would be subject to liability for default.

8 The bonds were to be sold to the Goleta Financing Authority for concurrent resale to the
9 Underwriter, Stone & Youngberg LLC under a bond purchase agreement among the Goleta
10 Financing Authority, the Agency, and the Underwriter. (*Id.*, Ex. 18.) Under the bond purchase
11 agreement, the Underwriter agreed to purchase all bonds for an aggregate price of \$15,568,872.30,
12 which was the total principal amount of the bonds minus an underwriter’s discount and original issue
13 discount amounting to \$516,127.70. (*Id.* at p. 2, § 2 [“Description of Bonds”].) The bond purchase
14 agreement stated that the bonds “shall be as described in the Indenture and the Official Statement,”
15 and that the net proceeds of the bonds “will be used to finance redevelopment activities of the
16 Agency with respect to its Goleta Old Town Redevelopment Project.” (*Ibid.*)

17 In addition to Bank of New York Mellon Trust Company and Stone & Youngberg LLC, other
18 third parties involved in the bond offering included Jones Hall, A Professional Law Corporation, as
19 Bond Counsel and Disclosure Counsel, and Rosenow Spevacek Group, Inc. as Fiscal Consultant.
20 (*Id.*, Ex. 18; *id.*, Ex. 19.) Along with the underwriter and original issue discounts described above,
21 the Agency also faced costs of bond issuance totaling \$146,000. (*Id.*, Ex. 19.) Multiple third parties
22 were thus involved in the issuance of these bonds, and hundreds of thousands of dollars in fees and
23 discounts were paid by Petitioners in consideration for the issuance of these bonds.

24 **C. The Agency Transferred \$14,082,472 Of The 2011 Tax Allocation Bond Proceeds To**
25 **The City As Obligated By The Indenture.**

26 Shortly thereafter, on March 8, 2011, the Agency issued bonds in the total amount of
27 \$16,085,000 for the Public Safety Flood Improvements, as explicitly required by the Indenture, the
28 Underwriter Purchase Agreement, and the Official Statement. (*Id.*, Ex. 1 at p. 3.) That same day, as

1 required by the Indenture, the Agency transferred \$14,082,472 of bond proceeds to the City to
2 implement the Public Safety Flood Improvements pursuant to the 2009 Cooperation Agreement
3 between the City and the Agency. (*Ibid.*) This was the specific amount required by Sections 3.02
4 and 3.04 of the Indenture. (*Id.*, Ex. 17, §§ 3.02, 3.04.)

5 On March 15, 2011, in an action connected with this bond issuance, the City restated,
6 reaffirmed, and clarified the 2009 Cooperation Agreement. (*Id.*, Ex. 20.) The 2009 Cooperation
7 Agreement provided current Public Safety Flood Improvement cost estimates and reaffirmed that the
8 Agency was obligated to transfer bond proceeds to the City for implementation of the Public Safety
9 Flood Improvements. The City recognized that “[t] Cooperation Agreement memorializes a valid,
10 legally binding debt and obligation of the Agency which is due and payable from tax allocation
11 proceeds.” (*Id.*, at p. 4, § 3.)

12 **D. The Agency Transferred \$3,530,624 To The City Pursuant to the 2010 Loan Agreement**
13 **Repayment Terms.**

14 After the Agency prudently decided to postpone the issuance of bonds in 2007, it was
15 thereafter in need of short-term financing to continue taking steps toward implementing the Public
16 Safety Flood Improvements. The City and the Agency thus agreed that the City should loan \$3.5
17 million from its General Fund to the Agency as short-term financing to allow the Agency to proceed
18 with capital projects, notably including the San Jose Creek Public Safety Flood Improvements.
19 (Johnson Decl., Ex. 21.)

20 Consistent with the practice followed since 2007, on June 1, 2010, the City and the Agency
21 executed a binding Promissory Note for a loan of \$3.5 million from the City to the Agency, to be
22 repaid within one year on June 1, 2011. (*Id.* at p.1.) The loan allowed the Agency to continue with
23 the Public Safety Flood Improvements at a significantly reduced cost. The term of the loan called for
24 repayment of the loan at the earlier of either (a) 12 months from the disbursement, or (b) “***until the***
25 ***proceeds from the anticipated RDA Tax Allocation Bonds are received.***” (*Ibid.*) Because the
26 Agency issued the tax allocation bonds in March 2011, the loan obligation was repaid along with
27 interest due of \$30,624 as of March 2011, prior to the passage of legislation dissolving
28 redevelopment agencies. (*Id.*, Ex. 1 at p. 3.)

1 **E. The Public Safety Flood Improvements Have Been Paid For And Are Nearing**
2 **Completion.**

3 Now that the City had sufficient financing, the City advertised for competitive bids for the
4 San Jose Creek Public Safety Flood Improvements on April 29, 2011. The City conducted reviews to
5 confirm the responsibility of the low bidder and the contract was awarded by the City on June 30,
6 2011 for approximately \$18.6 million. (Johnson Decl., Ex. 22.) The City also executed the
7 construction management contract for the project on June 30, 2011 for approximately \$1.7 million.
8 (*Id.*, Ex. 23.) The Public Safety Flood Improvements have now been paid for and completed.

9 The Public Safety Flood Improvements were the result of an extensive regional effort to
10 realize great benefits for area residents and businesses, as well as local taxing entities. The myriad
11 benefits include but are not limited to: (1) increased investment and development potential due to
12 increased safety by removing properties from a flood zone; (2) public safety savings because federal,
13 State, and local disaster response resources will no longer be required for flood response; and (3) the
14 County Flood Control District, which is a taxing entity, being able to fulfill an obligation that was
15 otherwise not economically feasible. The substantial and much-needed Public Safety Flood
16 Improvements will raise the value of property in Old Town, which will generate significantly higher
17 property tax revenues for local taxing entities.

18 However, the State of California subsequently passed legislation dissolving all redevelopment
19 agencies and remitting all excess non-committed funds to taxing entities, thereby lessening the
20 State's own funding obligations. Even though the Agency has already transferred the bond proceeds
21 to the City as obligated under the Indenture and Cooperation Agreement—not to mention the
22 hundreds of thousands of dollars spent by the Agency in fees entering into binding bond agreements
23 with third parties to obtain the long-term financing essential to implementation of long-planned flood
24 safety improvements—the State is now attempting to take and use for its own benefit millions of
25 dollars in bond proceeds.

1 **F. The State Enacted AB1x 26 To Dissolve Redevelopment Agencies And Establish**
2 **Successor Agencies To Satisfy Remaining Enforceable Obligations.**

3 On June 28, 2011, the California Legislature passed AB1x 26 , which effectively dissolved
4 local redevelopment agencies by restricting their authority, placed a freeze on redevelopment funds
5 (with the exception of funding enforceable obligations), and established successor agencies. As a
6 result, the City assumed the role of Successor Agency to the Goleta Redevelopment Agency.

7 Before the dissolution of redevelopment agencies mandated by AB1x 26, redevelopment
8 agency activities were funded by tax increments generated by the increase in property tax revenue
9 resulting from redevelopment projects within the redevelopment agency’s boundaries. (Health &
10 Safety Code § 33670.) To offset potential adverse effects on other taxing entities with territory
11 within a redevelopment agency area, the redevelopment law required redevelopment agencies to
12 make “passthrough” payments of a portion of the tax increment the redevelopment agency received.
13 (*Id.* § 33607.5.) In this vein, AB1x 26 mandates that successor agencies preserve all assets of the
14 former redevelopment agency so that they may ultimately be distributed to affected taxing entities.
15 This provision allows the State to take control of the redevelopment agency assets not needed for
16 enforceable obligations by directing that they be redistributed to other local taxing entities, ultimately
17 reducing the State’s own funding obligations.

18 Under AB1x 26, successor agencies are tasked with the duty of “[e]xpeditiously wind[ing]
19 down” the business of the now-defunct redevelopment agencies. (Health & Safety Code § 34177,
20 subd. (h).) The law prohibits redevelopment agencies from making loans, incurring debt, or entering
21 into agreements related to a broad range of redevelopment activities. Yet AB1x 26 also states that
22 “pledges of revenues associated with enforceable obligations of the former redevelopment agencies
23 are to be honored,” and that “the cessation of any redevelopment agency shall not affect either the
24 pledge, the legal existence of that pledge, or the stream of revenues available to meet the
25 requirements of the pledge.” (*Id.* § 34175, subd. (a).) Further, dissolution of redevelopment agencies
26 is not “intended to be construed as an action or circumstance that may give rise to an event of default
27 under any of the documents governing the enforceable obligations.” (*Id.* § 34174, subd. (a).) Rather,
28 “[n]othing in this part shall be construed to interfere with a redevelopment agency’s authority,

1 pursuant to enforceable obligations as defined in this chapter, to (1) make payments due, (2) enforce
2 existing covenants and obligations, or (3) perform its obligations.” (*Id.* § 34167, subd. (f).)

3 Section 34171, subdivision (d) defines an “enforceable obligation” protected from dissolution
4 under AB1x 26. Enforceable obligations are “bonds . . . including the required debt service, reserve
5 set-asides, and any other payments required under the indenture or similar documents governing the
6 issuance of the outstanding bonds of the former redevelopment agency.” (*Id.* § 34171, subd. (d).)
7 Enforceable obligations are also “loans of moneys borrowed by the redevelopment agency for a
8 lawful purpose,” and “any legally binding and enforceable agreement or contract that is not otherwise
9 void as violating the debt limit or public policy.” (*Ibid.*)

10 Section 34177, subdivision (i) further requires successor agencies to “[c]ontinue to oversee
11 development of properties until the contracted work has been completed or the contractual
12 obligations of the former redevelopment agency can be transferred to other parties.” More
13 specifically, this section dictates that “[b]ond proceeds shall be used for the purposes for which bonds
14 were sold unless the purposes can no longer be achieved.” (*Ibid.*)

15 AB1x 26 provides a more restrictive definition of “enforceable obligation” for purposes of
16 agreements between “the city, county, or city and county that created the redevelopment agency and
17 the former redevelopment agency,” but states that these written agreements “may be deemed
18 enforceable obligations for purposes of this part” if they were “entered into (A) at the time of
19 issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely
20 for the purpose of securing or repaying those indebtedness obligations.” (*Id.* § 34171, subd. (d)(2).)
21 In addition, AB1x 26 specifically deems valid and binding on a successor agency “a joint exercise of
22 powers agreement in which the redevelopment agency is a member of the joint powers authority.”
23 (*Id.* § 34178, subd. (b)(3).)

24 In order to “wind down” the affairs of the redevelopment agencies while still honoring all
25 enforceable obligations, AB1x 26 requires successor agencies to identify any funds set aside as
26 enforceable obligations in a Recognized Obligation Payment Schedule (“ROPS”) submitted to the
27 Department of Finance. (Health & Safety Code § 34177.) Each ROPS projects the dates and
28 amounts of scheduled payments for each enforceable obligation for the remainder of the time period

1 during which a given redevelopment agency would have been authorized to enjoy property tax
2 increment revenue had the redevelopment agency not been dissolved. (*Ibid.*) A separate ROPS must
3 be created for each upcoming six month fiscal period. (*Ibid.*) The ROPS forces successor agencies
4 to itemize those enforceable obligations that the successor agency must honor during the wind-down
5 period, so that the county auditor-controller may allocate to the successor agency sufficient tax
6 revenue to cover such obligations.

7 AB1x 26 requires any tax revenues not needed to satisfy enforceable obligations due within
8 six months to be redistributed to local taxing entities as tax revenue. Proceeds from asset sales are
9 likewise required to be remitted. (*Id* § 34177, subd. (e).) In other words, the remainder of the tax
10 revenue that would have been paid to the redevelopment agency, if any, is diverted to other taxing
11 entities to cover shortfalls on local debts that would otherwise be the responsibility of the State. The
12 statute provides a steady stream of funds diverted from successor agencies to local taxing agencies,
13 which replace obligations that would be owed by the State. Any funds not tied to an enforceable
14 obligation under the ROPS will thus be remitted and disbursed to the direct benefit of the State.

15 On December 29, 2011, the California Supreme Court issued its decision in *California*
16 *Redevelopment Association v. Matosantos* (2011) 53 Cal. 4th 231, which upheld AB1x 26 as a
17 constitutional exercise of the Legislature’s power. The Court largely focused on whether the statute
18 was within the Legislature’s power, and concluded that the Legislature was authorized to dissolve
19 redevelopment agencies in California. The Court stated that the power to dissolve something
20 included the power to declare its ending point, which allowed the Legislature to decide when the
21 redevelopment agencies would be relieved of the ability to make new binding commitments and
22 engage in new business. (*Id.* at 262.) Notably, however, the Court stated that “[a]s a practical and
23 perhaps constitutional matter, to require an existing entity that has entered into a web of current
24 contractual and other obligations to dissolve instantaneously is not possible; doing so would
25 inevitably raise serious impairment of contract questions.” (*Id.* at 263, citing U.S. Const., art. I, § 10;
26 Cal. Const., art. I, § 9.) The Court further changed the effective date for the establishment of
27 successor agencies in AB1x 26 from its original date of October 1, 2011, and deemed it not operative
28 until February 1, 2012, thereby pushing back all related deadlines four months. (*Id.* at 275.)

1 **G. The State Enacted AB 1484 To Authorize The Department Of Finance To Order Tax**
2 **Revenue Withheld Only To Benefit Itself.**

3 About one year after the adoption of AB1x 26, the Legislature enacted AB 1484 (collectively,
4 “Dissolution Law”). Effective as of June 27, 2012, AB 1484 provided “clean-up” provisions to
5 AB1x 26. Though AB1x 26 mandated that each successor agency’s ROPS must be approved by its
6 Oversight Board before submission to DOF, AB 1484 purports to grant the DOF the unprecedented
7 and unilateral authority to “eliminate or modify any item” on the ROPS approved by the Oversight
8 Board. (Health & Safety Code § 34179, subd. (h).) The statute goes on to require that “[t]he county
9 auditor-controller shall reflect the actions of the department in determining the amount of property
10 tax revenues to allocate to the successor agency.” (*Ibid.*)

11 AB 1484 thus allows the DOF to make its own unilateral determination as to whether any of
12 the successor agency’s enforceable obligations are valid, and allows the DOF to immediately enforce
13 its decision by directing the county auditor-controller to disburse tax revenue as the DOF sees fit.
14 This power is particularly egregious in that the decision maker, the DOF, has a direct interest in the
15 validity of any ROPS item because any tax revenue withheld by the county auditor-controller will
16 then offset the State’s own funding obligations. Any party that has made contractually binding
17 agreements with a redevelopment agency now has its rights subject to the whim of the State, which
18 will ultimately benefit from each ROPS item it deems invalid.

19 AB 1484 also requires successor agencies to hire a licensed accountant to conduct a due
20 diligence review (“DDR”) to determine the specific unobligated balances available for transfer to
21 taxing entities. (Health & Safety Code § 34179.5.) Like the ROPS, the DDR is submitted to the
22 successor agency’s Oversight Board for review. (*Id.* § 34179.6.) After approval by the Oversight
23 Board, the DDR is submitted to the DOF and county auditor-controller, with final approval under the
24 purview of DOF. (*Ibid.*) As with ROPS items, the DOF has the unilateral authority to overturn or
25 modify any findings of the DDR and to “adjust” any amount on the DDR.

26 Once the DOF conducts its review of the DDR, a successor agency that disagrees with the
27 DOF’s determinations may request a meet and confer with the DOF. Based upon the meet and
28 confer, the DOF can then modify or confirm its findings. After this determination, the successor

1 agency is required to remit the funds identified by the DOJ to the county controller-auditor for
2 disbursement to the taxing entities within five working days. If the disputed amount is not paid, AB
3 1484 permits the DOF to order the Board of Equalization to withhold sales and use tax revenue from
4 the entity that created the former redevelopment agency. (*Id.* § 34179.6, subd. (h)(1)(C).) AB 1484
5 also authorizes the county auditor-controller to withhold property tax from the entity that created the
6 former redevelopment agency to recover the disputed funds. (*Id.* § 34179.6, subd. (h).)

7 Alternatively, the State is authorized to order the entity to remit the funds, even though the
8 Dissolution Law deems a successor agency a separate entity with separate liabilities. (*Id.* § 34173,
9 subd. (g).) The DOF has the ultimate power to decide which contractual obligations are enforceable
10 and which ones are not, armed with the knowledge that any disallowed financial obligations will
11 ultimately benefit the State by offsetting the State's own obligations to local taxing entities.

12 **H. The Department of Finance Inappropriately Rejected The Successor Agency's Due**
13 **Diligence Review And Ordered The City To Immediately Remit Millions Of Dollars.**

14 For several years, the former Redevelopment Agency of Goleta and its Successor Agency
15 submitted ROPS and DDRs to the DOF as required by the Dissolution Law. Notably, the prior
16 ROPS each listed the 2011 Tax Allocation Bonds as an enforceable obligation of the Redevelopment
17 Agency under the Goleta Old Town Project Area, and were approved by the DOF. (Exs. 24–27.)

18 However, on April 8, 2013, the DOF informed the City that it had completed its review of
19 Goleta's DDR submitted on January 24, 2013, and ordered the City to make certain adjustments and
20 return certain funds transferred to the City back to the Successor Agency. (*Id.*, Ex. 28.) Specifically,
21 the DOF stated that transfers from the former Redevelopment Agency to the City totaling
22 \$18,125,358 were not allowed and must be returned immediately. (*Id.* at p. 1–2.) This total amount
23 was constituted by three ROPS items denied by the DOF: (a) \$14,082,472 of bond proceeds
24 transferred to the City to fund the Public Safety Flood Improvements; (b) \$3,530,624 of cash
25 transferred to the City pursuant to the June 2010 loan agreement after the issuance of the bonds; and
26 (c) \$512,262 of additional cash transferred to the City for the Public Safety Flood Improvements
27 pursuant to the 2009 Cooperation Agreement. (*Ibid.*)

1 The DOF notified the City that the approximately \$14 million in bond proceeds needed to be
2 transferred back immediately, but as a non-cash asset it would not affect the balance owed
3 immediately to the county auditor-controller for distribution to the taxing entities. (*Id.* at p. 1.)
4 However, the DOF required that the City remit the remaining balance of \$4,609,005 to the county
5 auditor-controller within 5 days so that those funds could immediately be distributed to the various
6 taxing entities. (*Id.* at p. 2.) The DOF stated that none of these transfers were required by
7 enforceable obligations. (*Id.* at p. 1.)

8 Ultimately, the DOF is ordering the City to immediately remit \$18,125,358 that it does not
9 have back to the Successor Agency so that the money will be within the State's control. Somehow,
10 the DOF believes it is entitled to millions of dollars in bond proceeds that were properly issued before
11 the Dissolution Law was even passed. The DOF here is not seeking the funds that the former
12 Redevelopment Agency simply had in its possession at the time of dissolution. Rather, the funds at
13 issue would not have been within the Agency's control but for the issuance of 2011 tax allocation
14 bonds. Further, the bond proceeds were transferred as required under the bond Indenture and
15 accompanying agreements. The State is trying to step in and take bond and loan proceeds for itself,
16 leaving the City with no means of recovering costs incurred in the Public Safety Flood
17 Improvements. The Public Safety Flood Improvements benefit the taxing entities with increased tax
18 revenue. DOF would augment this benefit with the money raised to pay for those benefits, at the cost
19 of vital services provided by the City.

20 As a result of the DOF's draconian order, the City faces an impossible choice: either remit
21 over \$18 million that the City does not have to the Goleta Successor Agency or face catastrophic
22 withholdings of its tax revenues. The City attempted to voice its concerns to the DOF by requesting a
23 meet and confer, which was held on April 25, 2013. (See Johnson Decl., Ex. 1; *id.*, Ex. 29.) The
24 DOF issued its final determination letter on May 9, 2013, largely reaffirming its prior findings, and
25 ordering that the City of Goleta remit \$18,125,358 back to the Successor Agency, with approximately
26 \$4,042,829 to be immediately distributed to the taxing entities. (*Id.*, Ex. 29.)

27 The City successfully obtained a preliminary injunction preventing the DOF from acting to
28 recover the funds at issue while this litigation is pending. The City also attempted to seek very

1 limited discovery on the DOF to inquire into where there may be factual disputes, and to narrow such
2 issues. DOF successfully obtained a protective order preventing a Person Most Knowledgeable
3 deposition from occurring. (Order Granting Motion for Protective Order, Dec. 16, 2014.)¹

4 III. LEGAL STANDARD

5 Section 1085 of the Code of Civil Procedure provides that a writ of mandate may be issued by
6 any court “to any inferior tribunal, corporation, board, or person, to compel the performance of an act
7 which the law specially enjoins, as a duty resulting from an office, trust, or station, or to compel the
8 admission of a party to the use and enjoyment of a right or office to which the party is entitled, and
9 from which the party is unlawfully precluded by that inferior tribunal, corporation, board, or person.”
10 (Code Civ. Proc. § 1085.) Writ relief is appropriate when Petitioners have no other plain, speedy,
11 and adequate remedy, Respondents have a clear, present, and ministerial duty to act in a particular
12 way, and Petitioners have a clear, present and beneficial right to performance of that duty. (*Cnty. of*
13 *San Diego v. State* (2008) 164 Cal.App.4th 580, 593.) A writ of mandate pursuant to section 1085 is
14 the proper remedy to compel government officials to conform their conduct to the law. (*Wenke v.*
15 *Hitchcock* (1972) 6 Cal.3d 746, 751.) Issuance of a writ of mandate is also appropriate when
16 challenging the validity of official acts. (*See ibid.*)

17 When the agency’s action depends solely upon the correct interpretation of a statute or a
18 contract, the propriety of the agency action is a question of law, upon which the Court exercises
19 independent judgment. (*See Cal. Correctional Peace Officers’ Assn. v. State* (2010) 181 Cal.App.4th
20 1454, 1460.) Resolution of the agency action challenged here requires interpretation of both the
21 redevelopment agency dissolution laws and the various contracts governing transfers from the former
22 Goleta Redevelopment Agency to the City. In such a situation, “where the issue is one of statutory
23 construction or contract interpretation, and the evidence is not in dispute, the de novo standard of
24 review applies.” (*City of Petaluma v. Cohen* (July 30, 2015, C075812) __ Cal.App.4th __ [p. 10],
25 quoting *People v. Int’l Fidelity Ins. Co.* (2010) 185 Cal.App.4th 1391, 1395.)

26
27 ¹ Because DOF denied the City any meaningful discovery into its factual contentions, the DOF should now be
28 precluded from challenging any of the factual assertions made by the City, including that the bond-related
agreements created an enforceable obligation for the Agency.

1 **IV. ARGUMENT**

2 The DOF has ordered the City to remit \$18,125,358 of funds transferred pursuant to
3 enforceable obligations of the former Redevelopment Agency. These funds—(a) \$14,082,472 of
4 bond proceeds transferred to the City to fund the Public Safety Flood Improvements; (b) \$3,530,624
5 of cash transferred to the City pursuant to the June 2010 loan agreement after the issuance of the
6 bonds; and (c) \$512,262 of additional cash transferred to the City for the Public Safety Flood
7 Improvements pursuant to the 2009 Cooperation Agreement (Johnson Decl., Exs. 28 & 29)—have
8 already been spent in the manner required by the bond Indenture and Cooperation Agreement
9 between the City and the Agency. The DOF is now demanding that the City pay the State from its
10 General Fund simply because the Agency transferred those funds to the City to realize essential
11 Public Safety Flood Improvements, which already benefit all of the taxing entities. The damage to
12 the City’s General Fund would likely delay critical infrastructure projects or force the termination of
13 other City employees, with a concomitant degradation of the City’s welfare. (See Declaration of
14 Alvertina Rivera In Support of Motion for Preliminary Injunction, ¶¶ 14–16, filed Oct. 4, 2013.)

15 The City should not be forced to endure such a devastating blow to its General Fund on the
16 basis of a law that purports to guarantee municipalities the revenue necessary to provide vital services
17 to its citizens. Petitioners respectfully request this Court issue a writ of mandate ordering the DOF to
18 approve the three ROPS items totaling \$18,125,358 that the DOF denied in its letter to Petitioners
19 dated April 8, 2013. (Johnson Decl., Ex. 28.)

20 **A. The DOF Had A Duty to Approve The Fund Transfers At Issue Because The Agency**
21 **Transferred The Funds Pursuant To Enforceable Obligations.**

22 The Dissolution Law makes clear that it is not intended to cause any sort of default under
23 “any of the documents governing the enforceable obligations.” (Health & Safety Code § 34174,
24 subd. (a).) It further guarantees that “pledges of revenues associated with enforceable obligations of
25 the former redevelopment agencies are to be honored,” and that “the cessation of any redevelopment
26 agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues
27 available to meet the requirements of the pledge.” (Health & Safety Code § 34175(a).) The
28 Dissolution Law defines an “enforceable obligations” as “[b]onds . . . including the required debt

1 service, reserve set-asides, and any other payments required under the indenture or similar documents
2 governing the issuance of the outstanding bonds of the former redevelopment agency.” (Health &
3 Safety Code § 34171, subd. (d)(1)(A).) The DOF has a clear duty under the Dissolution law to
4 approve any ROPS items that were transferred by the former Goleta Redevelopment Agency pursuant
5 to enforceable obligations, *i.e.*, “payments required under the indenture.” (See *City of Petaluma*,
6 *supra*, __ Cal.App.4th __ [p. 10].) Each of the three transfers at issue here was made directly
7 pursuant to an enforceable obligation, and the Dissolution Law thus requires the DOF to approve
8 those items when submitted on Petitioners’ ROPS.

9 Of the \$18,125,358 that the DOF has ordered the City to remit, \$14,082,472 was transferred
10 by the Agency according to covenants in the bond Indenture executed in 2011. The Indenture
11 contains precisely the sort of enforceable obligation contemplated for exception by the Dissolution
12 Law. Indeed, bond proceeds transferred by the former Redevelopment Agency to the City were listed
13 on prior ROPS and were in fact approved by the DOF. (Johnson Decl., Exs. 24–27.)

14 The Agency entered into the Indenture prior to the enactment of AB1x 26. (*Id.*, Ex. 18.) The
15 Indenture provided for the issuance of bonds by the Agency totaling \$16,085,000. Of that total, the
16 Agency was explicitly required to place \$14,082,472 into the “Redevelopment Fund,” with the
17 remainder placed in reserve or spent on the costs of the bond issuance. (*Id.*, §§ 3.02, 3.04.) The
18 Indenture did not give the Agency free reign over the moneys placed in the Redevelopment Fund.
19 Instead, the Agency was subject to several covenants. According to the Indenture, the Agency
20 “***covenants to discharge its obligations under the Cooperation Agreement by transferring the***
21 ***amounts deposited in the Redevelopment Fund to the City to pay for the improvements specified in***
22 ***the Cooperation Agreement.*” (*Id.*, § 3.04, emphasis added.) The “Cooperation Agreement”
23 referenced in this provision refers to the 2009 Cooperation Agreement between the Agency and the
24 City, which expressly intended “that the City shall be entitled to payment of the expenses incurred by
25 the City under this Agreement” and that the City’s entitlement “shall constitute an indebtedness of the
26 Agency within the meaning of Section 33670 et seq. of the Redevelopment Law, to be repaid to the
27 City by the Agency” with interest. (*Id.*, Ex. 14. at p. 3.) The Indenture thus creates a “binding
28 obligation” in the Agency to transfer funds to the City for implementation of the Public Safety Flood**

1 Improvements. (See *City of Petaluma, supra*, __ Cal.App.4th __ [p. 13].)

2 By denying the ROPS claims for transfers made pursuant to the Indenture and the
3 Cooperation Agreement, the DOF has forced the Successor Agency to face the prospect of liability
4 for default. The Indenture does not simply describe some nebulous purpose that the Redevelopment
5 Fund moneys be spent on the Public Safety Flood Improvements. Rather, the Indenture expressly
6 requires the Agency to transfer the Redevelopment Fund moneys to the City to avoid default. The
7 Indenture defines an Event of Default as the failure of the Agency “in the observance of ***any of the***
8 ***covenants*** . . . on its part in this Indenture.” (Johnson Decl., Ex. 18 § 8.01, subd. (b), emphasis
9 added.) If the Agency does not observe all of the covenants contained in the Indenture, the Trustee
10 may “exercise any remedies available to the Trustee and the Bond Owners in law or at equity.” (*Id.*,
11 § 8.01.) The Agency is obligated to transfer the Redevelopment Fund proceeds to reimburse the City
12 for implementation of the Public Safety Flood Improvements, and the Indenture establishes
13 mechanism to enforce that obligation.

14 As required by the Indenture and the Cooperation Agreement, the Agency transferred
15 \$14,082,472 in bond proceeds to the City to provide the financing necessary for the Public Safety
16 Flood Improvements. (*Id.*, Ex. 1.) With secured financing, the City entered into construction
17 contracts totaling over \$20 million to implement the Public Safety Flood Improvements (*Id.*, Exs. 22–
18 23.) The Agency’s transfer of bond proceeds, prior to the enactment of the Dissolution Law,
19 constitutes a transfer made pursuant to an enforceable obligation. The Indenture and Cooperation
20 Agreement clearly state that the bond proceeds must be used to implement the Public Safety Flood
21 Improvements. Should these funds not be used for this purpose, the Successor Agency would be
22 subject to liability pursuant to the enforcement provisions of the Indenture for causing an Event of
23 Default. This result is intolerable under the Dissolution Law, which is not “intended to be construed
24 as an action or circumstance that may give rise to an event of default under any of the documents
25 governing the enforceable obligations.” (Health & Safety Code § 34174, subd. (a).)

26 Additionally, the Successor Agency would lose the benefit of the hundreds of thousands of
27 dollars in fees and discounts it already expended obtaining these bonds, without even the benefit of
28 long term financing. The DOF order for the City to remit over \$14 million in bond proceeds that

1 have already been spent as directed would also eliminate the benefits of the deal agreed to by
2 Petitioners and the third party signatories to the Indenture and the Underwriters Agreement. The
3 Indenture sets a maturity schedule that lasts through 2044, and the bondholders would miss out on the
4 millions of extra dollars that these bonds would mature at over their life. The DOF's demand that the
5 City return the bond proceeds to the Successor Agency to defease or repurchase the bonds would cost
6 the bondholders millions in expected accumulated value. The decision by the DOF is completely
7 unlawful and inconsistent with the Dissolution Law.

8 The recent appellate decision in *City of Petaluma v. Cohen* (July 30, 2015, C075812) __
9 Cal.App.4th __ [pp. 9–13], clearly establishes the illegality of the DOF's denial of the ROPS item
10 transferring \$14,082,472 to the City pursuant to the Indenture and Cooperation Agreement. In
11 *Petaluma*, the court held that the transfer of bond proceeds to the city for the purpose of financing
12 was not an enforceable obligation because the bond indenture did not “create a binding obligation to
13 fund and construct” the redevelopment project. (*Id.* [p. 13].) The language of the indenture only
14 required “that if the bond proceeds are used, they must be used for the identified projects.” (*Id.* [p.
15 11].) Absent a “binding obligation on the Agency and its successor to fund the [redevelopment
16 project] with the bond proceeds,” the court was unwilling to find that the funds at issue were
17 transferred pursuant to enforceable obligations. (*Id.* [p. 13].)

18 Unlike the bond indenture in *Petaluma*, the Indenture here “creates a binding obligation on
19 the Agency and its success to fund the [Public Safety Flood Improvements] with the bond proceeds.”
20 (*Ibid.*) By executing the Indenture, the Agency entered into a covenant “to discharge its obligations
21 under the Cooperation Agreement by transferring the amounts deposited in the Redevelopment Fund
22 to the City to pay for the improvements specified in the Cooperation Agreement.” (Johnson Decl.,
23 Ex. 18 § 3.04.) The Cooperation Agreement further specifies that the Agency must finance the
24 Public Safety Flood Improvements by reimbursing the City for expenses incurred in implementation.
25 (*Id.*, Ex. 14 at p. 3.) Unless the Agency satisfies this explicit obligation, the Agency will be subject to
26 an Event of Default and the enforcement mechanisms that simultaneously arise.

27 In addition to the \$14,082,472 of bond proceeds transferred to the City to fund the Public
28 Safety Flood Improvements, the DOF also denied ROPS claims for \$3,530,624 of cash transferred to

1 the City pursuant to the June 2010 loan agreement after the issuance of the bonds and \$512,262 of
2 additional cash transferred to the City for the Public Safety Flood Improvements pursuant to the 2009
3 Cooperation Agreement. (*Id.*, Ex. 28.) The \$512,262 transfer was conducted as required by the
4 Cooperation Agreement, which obligated the Agency to “make the City whole as soon as practically
5 possible.” (*Id.*, Ex. 14 at p. 3.) The Cooperation Agreement was incorporated into the Indenture,
6 which constitutes an enforceable obligation under the Dissolution Law.

7 Moreover, the transfer of \$3,530,624 was directly related to implementing the Public Safety
8 Flood Improvements project, and repayment of this loan with proceeds from the 2011 tax allocation
9 bond issuance was required by the terms of the June 2010 loan agreement. The loan agreement was
10 entered into on June 1, 2010, over a year before passage of AB1x 26, and called for repayment at the
11 earlier of within one year, or “until the proceeds from the anticipated RDA Tax Allocation Bonds are
12 received.” (*Id.*, Ex. 21 at p. 1.) The \$3,530,624 loan was made by the City as an advance on funds
13 relating to Public Safety Flood Improvements, and the 2010 loan agreement explicitly states the loan
14 will be repaid with the expected proceeds of the bonds. The loan proceeds were thus used to further
15 the implementation of the Public Safety Flood Improvements, and repayment with the bond proceeds
16 was entirely consistent with the terms of the loan agreements. Consequently, the transfer was also
17 made in accordance with the Indenture and accompanying agreements, thereby constituting an
18 enforceable obligation and rendering unlawful the DOF’s demand that the City remit the funds.

19 **B. The DOF Cannot Extinguish The Agency’s Enforceable Obligations To Transfer**
20 **\$18,125,358 To The City Because The City Did Not Create The Agency.**

21 The Dissolution Law carves out a limited set of agreements excluded from the definition of
22 enforceable obligations. An enforceable obligation under the Dissolution Law “does not include any
23 agreements, contracts, or arrangements between the city, county, or city and county that created the
24 redevelopment agency and the former redevelopment agency.” (Health & Safety Code § 34171,
25 subd. (d)(2).) The enforceable obligations at issue here do not fall within the narrow exclusion for
26 agreements between the redevelopment agency and its creator. Simply put, the City did not “create”
27 the Agency—which was created by the County of Santa Barbara—and the specific exception to
28 enforceable obligations under the Dissolution Law does not apply. Additionally, the Agency’s

1 enforceable obligation to transfer the three ROPS items at issue was established in the 2011 bond
2 Indenture, which was an agreement between the Agency and a third-party, not the City.

3 This Court correctly described this rule in its decision in *City of Murrieta v. California*
4 *Department of Finance*. (Super. Ct. Sacramento County, Case No. 34-2012-80001346, 2013, Dkt.
5 No. 123.) In *Murrieta*, this Court stated that cash transfers between January 1, 2011 and June 30,
6 2011 could only be valid if made pursuant to enforceable obligations, which are defined as including
7 “any of the items listed in subdivision (d) of [Health & Safety Code] Section 34171” (*Id.* [p. 5].)
8 *Murrieta* concerned agreements between a city and its redevelopment agency, and this Court
9 conceded that “[a]t least one of the payments at issue here . . . and possibly all three, could be
10 considered as having been made pursuant to an ‘enforceable obligation’ under this provision.”
11 (*Murrieta* [p.5].) However, this Court also noted that while the Legislature generally set forth what
12 qualifies as an enforceable obligation, which must be honored during the dissolution process, it also
13 provided that agreements with a city or county that “created” the RDA could not count as enforceable
14 obligations. (*Ibid.*) This feature of the Dissolution Law is merely a narrow exception to the standard
15 definition of enforceable obligations limited to agreements involving the entity that created the
16 redevelopment agency.

17 General rules of statutory interpretation support this reading of the Dissolution Law. When
18 analyzing the Dissolution Law, the Third District Court of Appeal has stated that, “[i]f possible,
19 significance should be given to every word, phrase, sentence and part of an act in pursuance of the
20 legislative purpose; a construction making some words surplusages is to be avoided.” (*City of*
21 *Emeryville, et al. v. Cohen* (Jan. 16, 2015, C074186) _ Cal.App.4th _ [p. 11].) Full effect must be
22 given to the word “created” in the Dissolution Law.

23 As stated in the First Amended Petition, the original Petition filed on June 10, 2013, and the
24 Motion for Preliminary Injunction, the City did not create the former Redevelopment Agency, and
25 instead took over the Agency from the County of Santa Barbara in 2002. (First Amended Petition, ¶¶
26 18-19, 56; Petition, ¶¶ 18-19; Motion, at 3:15-20.) The County established the Agency in conjunction
27 with the Goleta Old Town Redevelopment Project Area in 1998, and the City in 2002 simply declared
28 that the newly incorporated City of Goleta would assume control of the redevelopment agency for the

1 area. (Johnson Decl., Ex. 5.) In so doing, the City stated that the redevelopment agency for the area
2 had previously been controlled by the County Board of Supervisors, and that to allow the
3 redevelopment agency to “continue to operate,” the Goleta City Council would “give direction to the
4 County of Santa Barbara Auditor/Controller with regard to authorization to continue to fund such
5 operations which will continue to be provided by County staff until further order of the City or the
6 Redevelopment Agency.” (*Id.* at p. 1.) The City stated that it “shall fulfill the functions previously
7 performed by the members of the Santa Barbara County Board of Supervisors” (*Id.* at p. 2.) The
8 City further stated that “[i]n order to allow for the Redevelopment Agency to continue to fund and
9 operate in order to fulfill its functions, the City Council hereby directs the County Auditor/Controller to
10 continue funding operations and staffing for the Redevelopment Agency as an Agency of the City of
11 Goleta which services shall continue to be provided by the County of Santa Barbara staff until further
12 action of the City or the Redevelopment Agency.” (*Ibid.*)

13 Further support for the fact that the City did not create the Agency can be found in the
14 enforceable obligations themselves. The 2011 bond Indenture notes that the City “assumed control of
15 the Redevelopment Agency on February 1, 2002” from the County of Santa Barbara. (*Id.*, Ex. 17 at p.
16 9.) The documents establishing the enforceable obligations at issue clearly acknowledge that the
17 County created the Agency, and the City merely assumed control of the Agency after incorporation.

18 Because the City of Goleta did not “create” the RDA, any agreements between the City and the
19 Agency that establish enforceable obligations on behalf of the Agency cannot be exempted for denial
20 by the DOF pursuant to section 34171, subdivision (d)(2). Each of the three transfers denied as ROPS
21 items by the DOF were made pursuant to enforceable obligations of the Agency. The mere fact that the
22 City assumed control of the Agency in 2002 does not alter that conclusion.

23 The legislation that established the former redevelopment agencies supports this interpretation.
24 Health & Safety Code section 33101 falls under the statutory section heading for “Creation of
25 Agencies,” and dictates that a legislative body can enact an ordinance creating a redevelopment agency
26 if the legislative body declares a need for one. This is precisely what the County of Santa Barbara did
27 in 1998. (See Johnson Decl., Ex. 4 at pp. 159–160.) But the City did not make an independent
28 declaration that necessity required creation of a redevelopment agency. Instead, the City cited to

1 Health & Safety Code section 33200 (*Id.*, Ex. 5 at p. 1), which does not fall within the “Creation of
2 Agencies” section of the statute. (See Health & Safety Code Art. 1, §§ 33100–33105.) In fact, the City
3 did not cite to any section of the statute concerning the “Creation of Agencies.” Section 33200, which
4 the City did cite, simply states that a legislative body may, at any time after adoption of an ordinance
5 creating the agency, “declare itself to be the agency.” (*Id.* § 33200.) When it assumed control of the
6 redevelopment agency created by the County, the City did not create anything new.

7 Health & Safety Code section 33200, subdivision (b) also substantiates the claim that the City
8 did not create the Agency. Subdivision (b) states that “[i]n the event an appointive agency has been
9 designated and has been in existence for at least three years, the legislative body shall not adopt an
10 ordinance declaring itself to be the agency without first conducting a public hearing on the proposed
11 ordinance.” This subdivision once again demonstrates the distinction made in the statute between
12 redevelopment agencies created by a governmental entity and situations where a governmental entity
13 declares itself to be a redevelopment agency already in existence. As contemplated by this subdivision,
14 the City held a public hearing with public comments prior to declaring itself the redevelopment agency.
15 (See Johnson Decl., Ex. 30 at p. 6.) The City was simply stepping in the shoes of the County of Santa
16 Barbara Board of Supervisors by assuming control of a redevelopment agency already created for the
17 City. Any agreements between the City and the Agency were thus not invalidated by the Dissolution
18 Law, and remain enforceable obligations.

19 Even if the City had created the Agency—which it did not—the agreements giving rise to the
20 Agency’s enforceable obligations here would still not fall within the exception. As described above,
21 the 2011 bond Indenture, which was an executed agreement between the Agency and a third-party,
22 Bank of New York Mellon Trust Company, establishes the enforceable obligations that the Agency
23 transfer funds to the City to reimburse the City for costs incurred implementing the Public Safety Flood
24 Improvements. Even though the Indenture incorporates by reference the 2009 Cooperation Agreement
25 between the City and the Agency, the basis for the Agency’s enforceable obligation is found in an
26 agreement with the Bank of New York Mellon Trust Company, a third-party.

27 The decision in *Forty Niners SC Stadium Co., LLC v. Oversight Board* is instructive. (Super.
28 Ct. Sacramento County, Case No. 34-2012-80001192, 2013, Dkt. No. 108.) *Forty Niners* involved a

1 series of agreements executed in early 2011 (“Stadium Agreements”), before passage of the Dissolution
2 Law. One of the agreements was a Cooperation Agreement between the redevelopment agency and a
3 Stadium Authority Agency (formed by the City and the redevelopment agency), while the remaining
4 agreements were made with a third party. The Court noted that there is no dispute that the agreements
5 were a contract between the City and its former redevelopment agency. (*Forty Niners* [p. 6].)
6 However, the Court rejected Respondents’ contention that this rendered the agreements invalid and
7 excluded from the definition of enforceable obligations. (*Ibid.*) It held that the third party was an
8 express beneficiary to the Cooperation Agreement, and an actual party to a separate funding agreement.
9 (*Ibid.*) Because the separate funding agreement with the third party “explicitly references the
10 Cooperation Agreement,” the two agreements “must be read together as a single contract between **three**
11 **parties**: the city, the redevelopment agency, and the [third party].” (*Ibid.*, emphasis in original.) The
12 Court held that the Stadium Agreements were not agreements between a city and a redevelopment
13 agency, but were “instead agreements between a city, RDA, **and a third party**,” and therefore not
14 within the class of agreements excluded from the definition of enforceable agreements under section
15 34171, subdivision (d)(2). (*Id.* [p. 7], emphasis in original.) Just as in *Forty Niners*, the 2011 bond
16 Indenture between the Agency and a third party, Bank of New York Mellon Trust Company, explicitly
17 references the 2009 Cooperation Agreement and the collective agreements must read together. If the
18 Agency fails to honor any covenant in the Indenture, including its obligations under the 2009
19 Cooperation Agreement, Bank of New York Mellon Trust Company, as the Trustee, may “exercise any
20 remedies available to the Trustee and the Bond Owners in law or at equity,” which would require the
21 third-party Bank to incur the attendant legal expenses to enforce the Indenture. (Johnson Decl., Ex. 17,
22 § 8.01.)

23 Moreover, the section of the Dissolution Law excluding agreements made between a
24 redevelopment agency and the entity that created the agency contains its own exception, which is
25 applicable to the 2009 Cooperation Agreement. According to the Dissolution Law, “written
26 agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of
27 indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness
28 obligations may be deemed enforceable obligations for this part.” (Health & Safety Code § 34171,

1 subd. (d)(2).) The 2009 Cooperation Agreement between the City and the Agency established an
2 indebtedness obligation before December 31, 2010 “solely for the purpose of . . . repaying” the City for
3 expenses incurred in implementing the Public Safety Flood Improvements. (Johnson Decl., Ex. 14 at
4 p.3.) In fact, the Cooperation Agreement explicitly acknowledges that the Agency’s obligations under
5 the Cooperation Agreement constitute “an indebtedness of the Agency.” (*Ibid.*)

6 **C. The State Lacks Any Interest In Forcing The City To Remit Redevelopment Funds That**
7 **Were Transferred Pursuant To The Agency’s Enforceable Obligations.**

8 DOF has stated that the State has a “strong interest” in RDA dissolution in justifying its
9 attempts to obtain these funds. (Opposition to Motion for Preliminary Injunction at pp. 10:1–2, 11:6–
10 7.) However, the State’s “strong interest” is limited to recovering funds not tied to “enforceable
11 obligations” under the statute. The DOF acknowledges this point when it quotes the Supreme Court to
12 say that the purpose of the Dissolution Law was to “preserve, to the maximum extent possible, the
13 revenues and assets of redevelopment agencies so that those assets and revenues *that are not needed to*
14 *pay for enforceable obligations* may be used by local governments to fund core governmental services
15” (Opp. at 11:9–12, emphasis added, quoting *Cal. Redevelopment Assn. v. Matosantos* (2011) 53
16 Cal.4th 231, 262.) Indeed, the Legislature explicitly stated that under the Dissolution Law, “pledges of
17 revenues associated with enforceable obligations of the former redevelopment agencies are to be
18 honored,” and that “the cessation of any redevelopment agency shall not affect either the pledge, the
19 legal existence of that pledge, or the stream of revenues available to meet the requirements of the
20 pledge.” (Health & Safety Code § 34175, subd. (a).)

21 This Court has recognized that the Legislature did not exclusively intend the Dissolution Law
22 to immediately wind down all of the former redevelopment agency’s affairs by remitting all remaining
23 funds to taxing entities. In rejecting this argument from the DOF in *City of Emeryville v. Matosantos*,
24 this Court stated that the Dissolution Laws “do not preclude, and in fact show an intent to permit, a
25 wind-down of redevelopment activities that includes the completion of on-going projects so as to
26 maximize the ultimate benefit to taxing entities over the longer term.” (Super. Ct. Sacramento County,
27 Case No. 34-2012-80001264, 2013, Dkt. No. 23 [p. 8].) The Dissolution Law directs successor
28 agencies to dispose of assets of former redevelopment agencies “in a manner aimed at maximizing

1 value,” and that “completing on-going projects may be entirely compatible with the goal of disposing
2 of the assets of former redevelopment agencies in a manner aimed a[t] maximizing their value for
3 taxing entities . . .” (*Ibid.*) This Court stated that the completion of on-going redevelopment projects
4 “is not necessarily precluded,” and in the statute there “is a clear recognition of the common-sense
5 concept that leaving partially-built or even planned projects uncompleted may not provide the
6 maximum possible benefit to taxing entities.” (*Id.* [p. 9].) Similarly, in *City of San Leandro v. Cohen*,
7 the Court stated that the Legislature recognized that “some creator-RDA agreements, if allowed to
8 continue, will provide a net benefit to affected taxing entities in the long run by increasing the amount
9 of property tax revenues available for distribution,” rather than “throw the baby out with the bath
10 water.” (Super. Ct. Sacramento County, Case No. 34-2013-80001708, 2014, Dkt. No. 65 [p. 9].) The
11 DOF is completely incorrect in its assertion that the sole aim of the statute is to immediately provide all
12 funds to taxing entities.

13 The Legislature only has a “strong interest” in forcing the City to remit funds transferred by
14 the Agency to the extent the fund transfers are not tied to “enforceable obligations.” As explained
15 above, the three fund transfers denied by the DOF as ROPS claims were clearly made pursuant to
16 enforceable obligations. Neither the DOF, nor the taxing entities, are entitled to any funds that are
17 tied to qualifying enforceable obligations under the Dissolution Law.

18 **D. The Enforcement Provisions Enacted Pursuant To AB 1484 Are Unconstitutional.**

19 In addition, the enforcement provisions of the Dissolution Law enacted by the Legislature
20 pursuant to AB 1484 are unconstitutional because the provisions authorize the State to unilaterally
21 decide to withhold tax revenue due to local agencies and municipalities based on its own exclusive
22 interpretation of the Dissolution Law, without judicial review or any checks and balances to protect
23 the local agencies and municipalities. AB 1484 grants the DOF the unprecedented power to
24 eliminate or modify an enforceable obligation of a former redevelopment agency, and to thereafter
25 simply help itself to the successor agency’s or affected city’s rightful share of the general sales and
26 use taxes, as well as the property taxes guaranteed to local governments by the California
27 Constitution, Article XIII A, section 1.

1 AB 1484 purports to allow the DOF to impose its self-interested decision-making by directing
2 the Board of Equalization to suspend sales tax payments to an affected city if a successor agency
3 which shares its territory does not make a payment of property taxes to other local taxing agencies by
4 certain specified deadlines. The DOF is thus empowered to immediately enforce its own
5 determinations on what is and is not an enforceable obligation through the incredible power of
6 withholding tax revenue funding from the city or successor agency. Similarly, the DOF may direct a
7 county auditor-controller to reduce a city’s property tax allocations—in violation of Article XIII A of
8 the California Constitution—until the allegedly due payment is collected in full from the successor
9 agency. This unrestrained delegation of authority is unconstitutional and unlawful on its face for
10 each of the following reasons:

- 11 A. It is in violation of the California Constitution, Article XIII, section 24, subdivision
12 (b), which states: “The Legislature may not reallocate, transfer, borrow, appropriate,
13 restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a
14 local government solely for the local government’s purposes.” Those provisions of
15 AB 1484 that purport to allow the DOF to direct the Board of Equalization to withhold
16 local sales tax proceeds from affected cities directly violate this provision.
- 17 B. It is in violation of the California Constitution, Article XIII, section 25.5, which
18 protects local property tax and sales tax receipts from reallocation for the benefit of
19 the State and requires a two-thirds majority vote of each chamber of the State
20 Legislature to reallocate property taxes among local municipalities and agencies. AB
21 1484 was not passed with a two-thirds majority vote of the Legislature. Those
22 portions of AB 1484 that authorize the withholding of local sales taxes and the
23 reallocation of property taxes therefore violate the California Constitution.
- 24 C. It is in violation of the doctrine of the separation of powers clause of the California
25 Constitution, Article III, section 3, and the judicial powers clause of the California
26 Constitution, Article VI, section 1. AB 1484 empowers the DOF to be both
27 prosecutor and judge by authorizing the DOF to order sales and property tax withheld
28 from affected cities and successor agencies even if the amounts at issue are disputed.

1 The Legislature is without power to delegate judicial power to administrative
2 agencies, especially when the delegation of judicial power involves the diversion of
3 public revenues guaranteed to local governments by the Constitution to the State.
4 Given the State's never-ending budget woes, the self-interest inherent in such a
5 judicial determination by the DOF pushes the Dissolution Law past the breaking point.

6 D. It is in violation of the common-law fair hearing requirement and due process. The
7 DOF is authorized to determine which contractual obligations it chooses to deem
8 enforceable between the successor agencies and other parties, and directly benefits
9 through its own determination by the immediate withholding of tax proceeds from the
10 city. No interested party is afforded a fair hearing, notwithstanding the meet and
11 confer charade whereby the State can simply rubber-stamp its prior determination
12 without any oversight. The State gets to be the ultimate decision-maker and enforcer
13 on issues in which it will directly benefit, a practice disfavored by the U.S. and
14 California Supreme Courts. (See *Withrow v. Larkin* (1975) 421 U.S. 35; *Haas v.*
15 *County of San Bernardino* (2002) 27 Cal.4th 1017.)

16 Indeed this Court has already found portions of AB 1484 unconstitutional, ruling on multiple
17 occasions that the sales and use tax offset provisions are unconstitutional. (See e.g., *League of Cal.*
18 *Cities et al. v. Matosantos* (Super. Ct. Sacramento County, Case No. 34-2012-80001275, 2013, Dkt.
19 No. 107).) A similar ruling is warranted here. The enforcement provisions of AB 1484 used by the
20 DOF to deny three of the Goleta Successor Agency's ROPS claims are unconstitutional and should
21 therefore be invalidated.

22 **E. The Policy Underlying The Dissolution Law Requires Issuance Of A Writ Because**
23 **Otherwise The Taxing Entities Will Experience a Windfall.**

24 Furthermore, should DOF have its way and order tax revenues withheld from the City of
25 Goleta, it will affect a windfall on the various taxing entities that will clearly benefit by the Public
26 Safety Flood Improvements currently being implemented in the San Jose Creek. These Public Safety
27 Flood Improvements have directly improved the value of the property that was previously in the
28 flood zone. With these improvements having been input, the land is safer and more valuable for

1 future use and development. The taxing entities will thus receive a windfall if they are authorized to
2 receive the millions of dollars the State plans to take from City to disburse to the taxing entities,
3 while simultaneously benefiting from the increased property tax revenues that will flow the superior
4 land values guaranteed by the Public Safety Flood Improvements. This windfall to the taxing entities
5 would conversely cause financial catastrophe for the City and affect the City's ability to offer
6 essential services to its citizens. The City faces the debilitating prospect of delaying critical
7 infrastructure projects and terminating vital employees. (See Declaration of Alvertina Rivera In
8 Support of Motion for Preliminary Injunction, ¶¶ 14-16, filed Oct. 4, 2013.) Such a result is contrary
9 to the core purpose of the Dissolution Law, which was enacted to guarantee that California cities
10 have sufficient property tax revenue to provide services to its citizenry. A writ of mandate should be
11 issued to align the DOF's decision-making with the clear intent of the Dissolution Laws.

12 **V. REQUEST FOR RELIEF**

13 Based on the preceding facts and authorities, Petitioners respectfully request that this Court
14 issue a writ of mandate ordering the DOF to reinstate and recognize the three Recognized Obligation
15 Payment Schedule items totaling \$18,125,358 submitted by the City following Due Diligence Review
16 that the DOF denied in its letter to Petitioners dated April 8, 2013.

17 Dated: August 27, 2015

Respectfully submitted,

18
19 GIBSON, DUNN & CRUTCHER LLP

20
21 By: 

22 JEFFREY D. DINTZER

23 Attorneys for Petitioners/Plaintiffs,
24 CITY OF GOLETA; and SUCCESSOR AGENCY TO
25 THE REDEVELOPMENT AGENCY FOR THE CITY
26 OF GOLETA
27
28

Agenda Item B.3
DISCUSSION/ACTION ITEM
Meeting Date: September 9, 2015

TO: Members of the Oversight Board of the Goleta RDA Successor Agency

FROM: Jaime Valdez, Economic Development Coordinator

SUBJECT: Administrative Budget and Recognized Obligation Payment Schedule for January 1, 2016 to June 30, 2016 (ROPS 15-16B)

RECOMMENDATION:

- A. Adopt Resolution No.15-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Successor Agency's Administrative Budget for the Period January to June 2016, Pursuant to Health and Safety Code Section 34177(j)."
- B. Adopt Resolution No.15-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving a Recognized Obligation Payment Schedule for the Period January to June 2016, Pursuant to Health and Safety Code Section 34177(l) and (m)."

BACKGROUND:

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the FY 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2012. Under the Dissolution Act, each of California's redevelopment agencies (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the cities, counties, and city and county that formed the Dissolved RDAs, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDAs. Pursuant to the Dissolution Act, the City of Goleta ("City") elected to be the RDA's successor agency by Resolution No. 12-04, on January 17, 2012. In June of 2012, technical and substantive amendments to the Dissolution Act were made as part of the FY 2012-13 state budget package with the Legislature's passage and the Governor's signing of AB 1484. AB 1484 provides for the implementation of additional rules and requirements in order to effectuate the dissolution process.

Pursuant to Health and Safety Code Section 34173(b), the Successor Agency is a separate legal entity from the City. One of the responsibilities of the Successor Agency is to prepare a Recognized Obligation Payment Schedule (ROPS), which sets forth the nature, amount, and source(s) of payment of all "enforceable obligations" of the Agency (as defined by law) to be paid by the Successor Agency.

The ROPS is to be prepared before each six-month fiscal period, covering the forward-looking six month fiscal period. The ROPS for the period January 1 to June 30, 2016 (ROPS 15-16B) is required to be submitted to the Department of Finance (DOF), the State Controller's Office and the County Auditor-Controller by October 5, 2015. Only payments required pursuant to the ROPS may be made by the Successor Agency.

The following recaps the previous ROPS covering the first six months of Fiscal Year 2015-16 (ROPS 15-16A):

- On February 3, 2015, the City Council, serving as Successor Agency, adopted both an Administrative Budget and ROPS for the time period of July 1, 2015 through December 31, 2015, pursuant to HSC Section 34177.
- On February 18, 2015, the Oversight Board approved the Administrative Budget and ROPS for the time period of July 1, 2015 through December 31, 2015.

In response to the requirements provided in AB 26 and AB 1484, Successor Agency staff request consideration for the ROPS 15-16B and related proposed administrative budget ("Administrative Budget") for the January to June 2016 time period. The Successor Agency's Governing Body (City Council) is scheduled to consider these items on September 1, 2015 in order to bring the Administrative Budget and ROPS 15-16B to the Board for consideration and approval at this September 9, 2015 meeting.

DISCUSSION:

Pursuant to HSC Section 34177, the Successor Agency must submit the Administrative Budget and the ROPS for the January 1 to June 30, 2016 time period to DOF after Oversight Board Approval. If the submittal to DOF does not occur on or before October 5, 2015 the Successor Agency will be assessed a \$10,000 per day penalty for failure to submit the ROPS on time.

Proposed Administrative Budget from January 1 to June 30, 2016

HSC 34177(j) requires the RDA Successor Agency to prepare a proposed administrative budget ("Administrative Budget") for each six-month fiscal period, and submit it to the Oversight Board for the Oversight Board's approval. The Administrative Budget is included as Attachment 1.

ROPS 15-16B from January 1 to June 30, 2016

The Board previously requested that staff address each line item in the ROPS so as to consider and possibly approve each item in order. The ROPS up for the Board's consideration (Attachment 2) consists of the following which uses the newest template issued by DOF on July 29, 2015:

1) *Sumida Gardens, L.P.*

On November 19, 2007 the Goleta RDA entered into an Affordable Housing Assistance Agreement (“AHAA”) with Sumida Family, L.P. (now Sumida Gardens, L.P. per an assignment and assumption agreement in January of 2008) 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. In consideration of SFLP’s compliance with the AHAA, financial assistance for the construction of the affordable units and rental of the affordable units is not to exceed a total of \$6,625,600.00, plus interest accrued as provided in the AHAA.

The Board approved the enforceable obligation payment related to Sumida Gardens, L.P. on September 24, 2014 for the January to June 2015 timeframe in the amount of \$297,697 for the second part of Fiscal Year 2014-2015. At the Board meeting of February 18, 2015, Staff requested \$0 for the July to December 2015 timeframe. Correspondingly, Staff requests that both payments for FY 2015-16 be made in two equal payments of \$151,826 in January and June of 2016 for a total of \$303,652.

2) *Debt Service*

On March 8, 2011, the successful closing of Goleta RDA’s 2011 Tax Allocation Bonds (“TABs”) occurred and resulted in a par amount of \$16,085,000. 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. The Board approved the enforceable obligation payment related to Debt Service for the 2011 TABs on February 18, 2015 for the July to December 2015 timeframe in the amount of \$745,694. Staff requests \$586,625 for the January to June 2016 timeframe.

3) *Bond Trustee Services*

As part of the Issuance of the 2011 Tax Allocation Bonds, there is a required annual payment to the Bond Trustee. The \$1,995 payment for FY 11-12 was made in March of 2012. This item was approved at the April 12, 2012 Board meeting by a unanimous vote and has continued to be approved ever since. The trustee payment is made annually in the second half of the fiscal year. The same principle applies for ROPS 15-16B as the one payment will take place in the second half of Fiscal Year 2015-16. As such there is a request of \$1,995 for the January to June 2016 timeframe.

4) *Outside (Independent) Oversight Board Legal Counsel*

Effective November 1, 2012, the Board ended its contracted services with the firm Meyers Nave and retained the firm Ross & Casso for legal services. Subsequently, at the February 24, 2014 Oversight Board meeting, the Board decided to retain the firm Casso & Sparks for legal services. Staff requested and the Board approved \$10,000 on February 18, 2015 for the July to December 2015 timeframe. Staff requests \$10,000 for the January to June 2016 timeframe.

5) Administrative Cost Allowance

This budget includes costs associated with the administration of the Successor Agency. Staff requested and the Board approved on February 18, 2015 the amount of \$73,800 for the July to December 2015 timeframe. Staff requests a total of \$73,800 for the January to June 2016 timeframe for Successor Agency staff administration, not including the request for \$10,000 for Oversight Board Legal Counsel in Item 4 above.

6) Post Dissolution Litigation

This was a new entry to the ROPS for ROPS 15-16A and the budget reflects the costs associated with the litigation related to the Successor Agency's Due Diligence Review Determination by DOF. These expenses were estimated at \$50,000 during the ROPS 15-16A period and were submitted pursuant to Health and Safety Code 34171(d)(1)(F). While the amount was not ultimately approved by DOF for ROPS 15-16A, we were encouraged to submit again for ROPS 15-16B under the same provisions of Health and Safety Code 34171(d)(1)(F). Staff requests \$30,000 for the January to June 2016 timeframe based on anticipated expenses.

FISCAL IMPACTS:

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 approval of the ROPS 15-16B. The ROPS 15-16B simply lists the dissolved Agency's existing obligations.

ALTERNATIVES:

The Board could decide not to accept the recommendations included in this item, or provide staff with alternative direction. However, it is imperative to underscore that without an approved ROPS 15-16B from the Oversight Board, the Successor Agency cannot dutifully make payments to the listed obligations. Moreover, if the ROPS 15-16B submittal to DOF does not occur on or before October 5, 2015 the Successor Agency will be assessed a \$10,000 per day penalty for failure to submit in a timely fashion.

Approved By:

Michelle Greene
Executive Director

ATTACHMENTS:

1. Resolution No.15-__ entitled "A Resolution of the Oversight Board of the Goleta RDA Successor Agency, Approving the Successor Agency's Administrative Budget for the Period January to June 2016, Pursuant to Health and Safety Code Section 34177(j)"

2. Resolution No.15-__ entitled “A Resolution of the Oversight Board of the Successor Agency to the Dissolved Redevelopment Agency for the City of Goleta, Approving a Recognized Obligation Payment Schedule for the Period January to June 2016, Pursuant to Health and Safety Code Section 34177(l) and (m)”

ATTACHMENT 1

**Oversight Board of the Goleta RDA Successor
Agency Resolution approving and adopting a
Proposed Administrative Budget Pursuant to
Health and Safety Code Section 34177(j) for time
period covering January 1, 2016 to June 30, 2016**

RESOLUTION NO. 15-__

A RESOLUTION OF THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY, APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY TO JUNE 2016, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(j)

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the Goleta RDA Successor Agency ("RDA Successor Agency") is the successor agency to the dissolved Redevelopment Agency for the City of Goleta; and

WHEREAS, the Oversight Board is the RDA Successor Agency's oversight board pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, Health and Safety Code Section 34177(j) requires the RDA Successor Agency to prepare a proposed administrative budget ("Administrative Budget") for each six-month fiscal period, and submit it to the Oversight Board for the Oversight Board's approval; and

WHEREAS, the RDA Successor Agency has prepared and submitted the Administrative Budget for the period January 1, 2016, to June 30, 2016, to the Oversight Board.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY 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 Administrative Budget through this Resolution does not commit the Oversight Board 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 the Administrative Budget. The Oversight Board hereby approves and adopts the Administrative Budget for the period January 1, 2016, to June 30, 2016, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

SECTION 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board

would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 5. Certification. The RDA Successor Agency Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

SECTION 6. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Goleta RDA Successor Agency on the 9th day of September, 2015.

RENÉE BAHL
CHAIRPERSON

ATTEST:

APPROVED AS TO FORM:

DEBORAH LOPEZ
RDA SUCCESSOR AGENCY
SECRETARY

JAMES CASSO
SPECIAL COUNSEL

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

I, DEBORAH LOPEZ, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Resolution No. 15-__ was duly adopted by the Oversight Board of the Goleta RDA Successor Agency at a special meeting held on the 9th day of September, 2015 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH LOPEZ
RDA SUCCESSOR AGENCY
SECRETARY

EXHIBIT A

SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET
JANUARY 1, 2016 THROUGH JUNE 30, 2016

Goleta RDA Successor Agency

Proposed Administrative Budget Pursuant to Health & Safety Code Section 34177(j)
Covering the time frame from January 1, 2016 through June 30, 2016 (ROPS 15-16B)

Expense	Jan-2016	Feb-2016	Mar-2016	Apr-2016	May-2016	Jun-2016	TOTAL
Overhead*	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 16,800.00
Personnel**	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 57,000.00
Oversight Board Independent Legal Counsel ***	\$ 1,666.67	\$ 1,666.67	\$ 1,666.67	\$ 1,666.67	\$ 1,666.67	\$ 1,666.65	\$ 10,000.00
TOTAL							\$ 83,800.00

*Includes, but is not limited to the provision of meeting materials, notifications, facilities, utilities, and equipment.

**Includes, but is not limited to Successor Agency personnel to perform wind down activities of the Agency including the use of contracted services, monitoring affordable housing covenants, as well as other duties as needed to comply with implementation of AB 26 as amended by AB 1484.

*** As directed by Oversight Board at its February 24, 2014 meeting the use of Casso & Sparks effective March 1, 2014.

Updated 8/18/2015

ATTACHMENT 2

**Oversight Board of the Goleta RDA Successor
Agency Resolution approving and adopting a
Recognized Obligation Payment Schedule
Pursuant to Health and Safety Code Section 34177
(l) and (m) for time period covering January 1,
2016 to June 30, 2016**

RESOLUTION NO. 15-__

A RESOLUTION OF THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY, APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY TO JUNE 2016, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I) AND (m)

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the Goleta RDA Successor Agency (“RDA Successor Agency”) is the successor agency to the dissolved Redevelopment Agency for the City of Goleta; and

WHEREAS, the Oversight Board is the RDA Successor Agency’s oversight board pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, Health and Safety Code section 34177(l) requires the RDA Successor Agency to prepare a recognized obligation payment schedule (“ROPS”), before each six-month fiscal period, forward looking to the next six-months; and

WHEREAS, Health and Safety Code Section 34177(l)(2) requires the RDA Successor Agency to submit the 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 34177(m), requires that the RDA Successor Agency submit an Oversight Board Approved ROPS for the period January 1, 2016, to June 30, 2016, to the Department of Finance, the State Controller, and the Santa Barbara County Auditor-Controller no later than October 5, 2015; and

WHEREAS, the RDA Successor Agency has prepared a ROPS covering the period January 1, 2016, to June 30, 2016 (“ROPS 15-16B”) and has submitted said ROPS to the Oversight Board for approval.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE GOLETA RDA SUCCESSOR AGENCY 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 ROPS through this Resolution does not commit the Oversight Board 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 the ROPS. The Oversight Board hereby approves and adopts the ROPS, in substantially the form attached to this Resolution as Exhibit A, pursuant to Health and Safety Code Section 34177.

SECTION 4. Implementation. The Oversight Board hereby directs the RDA Successor Agency to submit copies of the ROPS 15-16B approved by the Oversight Board to the County of Santa Barbara Auditor-Controller, the State of California Controller and the State of California Department of Finance after the effective date of this Resolution and prior to October 5, 2015, and to post the ROPS 15-16B on the RDA Successor Agency's website.

SECTION 5. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 6. Certification. The RDA Successor Agency Secretary shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

SECTION 7. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED AND ADOPTED at a special meeting of the Oversight Board of the Goleta RDA Successor Agency on the 9th day of September, 2015.

RENÉE BAHL
CHAIRPERSON

ATTEST:

APPROVED AS TO FORM:

DEBORAH LOPEZ
RDA SUCCESSOR AGENCY
SECRETARY

JAMES CASSO
SPECIAL COUNSEL

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

I, DEBORAH LOPEZ, City Clerk of the City of Goleta, California, DO HEREBY CERTIFY that the foregoing Resolution No. 15-__ was duly adopted by the Oversight Board of the Goleta RDA Successor Agency at a special meeting held on the 9th day of September, 2015 by the following vote of the Board:

AYES:

NOES:

ABSENT:

ABSTAIN:

(SEAL)

DEBORAH LOPEZ
RDA SUCCESSOR AGENCY
SECRETARY

EXHIBIT A

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
JANUARY 1, 2016 THROUGH JUNE 30, 2016
(“ROPS 15-16B”)

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

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

Name of Successor Agency: Goleta
 Name of County: Santa Barbara

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):		\$ -
A	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):		\$ 1,006,072
F	Non-Administrative Costs (ROPS Detail)	922,272
G	Administrative Costs (ROPS Detail)	83,800
H Total Current Period Enforceable Obligations (A+E):		\$ 1,006,072

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	1,006,072
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(70)
K Adjusted Current Period RPTTF Requested Funding (I-J)		\$ 1,006,002

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	1,006,072
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)		1,006,072

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

_____	_____
Name	Title
/s/ _____	_____
Signature	Date

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

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total	
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin		
								\$ 42,242,215			-	-	-	\$ 922,272	\$ 83,800	\$ 1,006,072
1	Sumida Gardens Project	OPA/DDA/Constructi	11/19/2007	2/13/2063	Sumida Gardens, L.P.	Subsidy of Affordable Housing Project	Old Town	3,271,887	N				303,652			\$ 303,652
2	Debt Service	Bonds Issued After 12/31/10	3/8/2011	6/1/2044	Bank of New York	2011 Tax Allocation Bonds	Old Town	38,800,513	N				586,625			\$ 586,625
3	Bond Trustee Services	Fees	3/8/2011	6/1/2043	Bank of New York	Trustee Services	Old Town	56,015	N				1,995			\$ 1,995
4	Oversight Board Legal Counsel	Admin Costs	2/24/2014	6/30/2016	Casso & Sparks	Oversight Board Legal Counsel	Old Town	10,000	N					10,000		\$ 10,000
5	Successor Agency Admin	Admin Costs	2/1/2012	6/30/2016	City of Goleta	Admin Expenses for Successor Agency	Old Town	73,800	N					73,800		\$ 73,800
22	Post Dissolution Litigation	Litigation	5/2/2013	6/30/2016	Gibson, Dunn and Crutcher, LLP	Litigation related to DDR Determination	Old Town	30,000	N				30,000			\$ 30,000
23									N							\$ -
24									N							\$ -
25									N							\$ -
26									N							\$ -
27									N							\$ -

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

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#)

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15B Actuals (01/01/15 - 06/30/15)									
1	Beginning Available Cash Balance (Actual 01/01/15)		1,340,425			8,723	2,703		
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015					2,491	965,128		
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q					8,723	965,264		
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)		1,340,425						
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S	No entry required						70	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ 2,491	\$ 2,497		
ROPS 15-16A Estimate (07/01/15 - 12/31/15)									
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ 1,340,425	\$ -	\$ -	\$ 2,491	\$ 2,567		
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015						827,126		
9	Expenditures for ROPS 15-16A Enforceable Obligations (Estimate 12/31/15)						829,494		
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)		1,340,425						
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ -	\$ -	\$ 2,491	\$ 199		

