

STAFF REPORT

**Oversight Board to the Successor Agency to the South Tahoe
Redevelopment Agency**

Meeting January 28, 2016

TO: Honorable Chair and Board Members of the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency

FROM: Debbie McIntyre, Financial Services Manager

RE: Resolution of the Board of Directors of the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency Approving the Use of Alternate Sources of Funds for ROPS 15-16B Enforceable Obligations and Authorizing and Directing Certain Related Actions.

RECOMMENDATION:

Adopt Resolution (Attachment 1) and Forward Resolution to Department of Finance

ISSUE AND DISCUSSION:

Pursuant to Section 34177(l) of the Health and Safety Code ("HSC"), the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), listing the estimated payment amounts for enforceable obligations and the sources of funds for each such payment during the fiscal period. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the "Oversight Board") and the State of Department of Finance (the "DOF") for approval.

The Successor Agency previously prepared a ROPS ("ROPS 15-16B") covering payments for the period from July 1, 2015 to December 31, 2015 ("ROPS 15-16B Period") and submitted ROPS 15-16B to the Oversight Board and the DOF for approval. On September 18, 2015, the Oversight Board adopted Resolution No. 2015-6 approving the Successor Agency's ROPS 15-16B. The DOF issued its letter, dated October 23, 2015, informing the Successor Agency that the DOF had approved all costs listed on the Successor Agency's ROPS 15-16B.

For ROPS 15-16B Period, the DOF approved the disbursement of \$1,990,298 by the County Auditor-Controller from the Successor Agency's Redevelopment Property Tax Trust Fund (the "RPTTF") to the Successor Agency for payment of enforceable obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

In December, 2015, the County Auditor-Controller disbursed \$1,636,338 to the Successor Agency from the RPTTF (the "ROPS 15-16B RPTTF Disbursement"), which is insufficient to pay the total amount of Enforceable Obligations.

In light of the insufficiency of the ROPS 15-16B RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for ROPS 15-16B Period, and authorized and available in accordance with the Dissolution Acts, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to pay the enforceable obligations approved by the DOF for ROPS 15-16B.

Available Sources of Revenue from Sale of 3141 Riverside and City's Transient Occupancy Tax (TOT)

Pursuant to HSC 34191.5, the Successor Agency submitted to the DOF an Oversight Board-approved Long Range Property Management Plan, which addressed the disposition of various properties of the former South Tahoe Redevelopment Agency, including the sale of a property located at 3141 Riverside.

Pursuant to the governing documents of the Tax Allocation Bonds (collectively, the "Bond Documents"), which are subject to the insufficiency of the Enforceable Obligations for payment of debt service, those Bonds are also secured by Transient Occupancy Tax Revenues (defined below) as a source to the extent needed for the payment of and security for the Bonds when other available sources are insufficient.

Therefore, the City must make available Pledged TOT Revenues from certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe in accordance with the Transient Occupancy Tax Administration Agreement dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the "TOT Administration Agreement").

In light of the insufficiency of the ROPS 15-16B RPTTF Disbursement to cover the payment on the Bonds for ROPS 15-16B Period, the City and the Successor Agency determined that the proceeds from the sale of 3141 Riverside in the amount of \$212,204 and Pledged TOT Revenue in the amount up to \$141,755, is to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 15-16B Period.

FINANCIAL AND/OR POLICY IMPLICATIONS:

The adoption of the attached resolution (Attachment 1) will ensure that Enforceable Obligations of the Successor Agency are paid in full.

By:


Debbie McIntyre, Financial Services Mgr.

Attachment:

Resolution of the Successor Agency approving the use of Alternate Sources of Funds for ROPS 15-16B Enforceable Obligations and Authorizing and directing certain Related Actions.

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING THE USE OF ALTERNATE SOURCES OF FUNDS FOR ROPS 15-16B ENFORCEABLE OBLIGATIONS

Recitals

A. Pursuant to Section 34177(l) of the Health and Safety Code (“HSC”), the Successor Agency to the South Tahoe Redevelopment Agency (the “Successor Agency”) must prepare a Recognized Obligation Payment Schedule (“ROPS”) for each six-month fiscal period (commencing each January 1 and July 1), listing the estimated payment amounts for enforceable obligations and the source of funds for each such payment during such fiscal period.

B. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the “Oversight Board”) and the State of Department of Finance (the “DOF”) for approval.

C. The Successor Agency previously prepared a ROPS (“ROPS 15-16B”) covering payments for the period from January 1, 2016 to June 30, 2016 (“ROPS 15-16B Period”) and submitted ROPS 15-16B to the Oversight Board and the DOF for approval.

D. On September 18, 2015, the Oversight Board adopted Resolution No. 2015-2 approving the Successor Agency’s ROPS 15-16B.

E. The DOF issued its letter, dated October 23, 2015, informing the Successor Agency that the DOF has approved all of the items listed on the Successor Agency’s ROPS 15-16B.

F. For ROPS 15-16B Period, the DOF approved the disbursement of \$1,990,298 by the County Auditor-Controller from the Successor Agency’s Redevelopment Property Tax Trust Fund (the “RPTTF”) to the Successor Agency for payment of enforceable obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

G. In December, 2016, the County Auditor-Controller approved the disbursement of \$1,636,338 to the Successor Agency from the RPTTF (the “ROPS 15-16B RPTTF Disbursement”).

H. In light of the insufficiency of the ROPS 15-16B RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for ROPS 15-16B Period, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to the pay for the enforceable obligations approved by the DOF for ROPS 15-16B.

I. HSC Section 34177(a)(4) provides that the Successor Agency may, with the approval of the Oversight Board, make payments on enforceable obligations from sources other than those listed in the ROPS.

J. Pursuant to HSC 34191.5, the Successor Agency submitted to the DOF an Oversight Board-approved Long Range Property Management Plan (the "LRPMP"), which addresses the disposition of various properties of the former South Tahoe Redevelopment Agency (the "Former RDA"), including the sale of a property located at 3141 Riverside.

K. The DOF issued its letter dated June 18, 2014, indicating the DOF's approval of the Successor Agency's LRPMP.

L. On September 18, 2015, the Oversight Board adopted Resolution No. 2015-7 ("OB Resolution No. 2015-7") approving (i) the sale of property located at 3141 Riverside and (ii) Successor Agency's use of such sale proceeds for the payment of enforceable obligations.

M. The DOF issued its letter date September 28, 2015 stating the DOF's approval of the OB Resolution No. 2015-7.

N. As described below, the Successor Agency desires to use Pledged TOT Revenues (defined below) to supplement the ROPS 15-16B RPTTF Disbursement to make required payments on enforceable obligations during the ROPS 15-16B Period.

O. The enforceable obligations listed on ROPS 15-16B include certain bonded indebtedness (the "Bonds") incurred by the Former RDA.

P. Pursuant to the governing documents of the Bonds (collectively, the "Bond Documents"), payment of debt service on the Bonds is secured by a pledge of Tax Increment Revenues (defined below) and, to the extent that Tax Increment Revenues and other available revenues of the Successor Agency are insufficient for such debt service, Pledged TOT Revenues (defined below) are pledged as a source *to the extent needed* for the payment of and security for the Bonds.

Q. Pledged TOT Revenues refer to certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe (the "City") in accordance with the Transient Occupancy Tax Administration Agreement, dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the "TOT Administration Agreement").

R. According to the TOT Administration Agreement, transient occupancy tax revenues levied pursuant to Ordinance No. 868, adopted by the Former RDA on October 17, 1995, and Section 7280.5 of the California Revenue and Taxation Code, are collected by the City, and applied to the Bonds as needed and only to the extent that Tax Increment Revenues and other available Successor Agency assets are insufficient for such debt service.

S. The City uses the remaining Transient Occupancy Tax revenues for payments in connection with other debt service for certain outstanding bonds (the "2006 Authority Bonds") that were issued by the South Tahoe Joint Powers Financing Authority (the "Authority"). The 2006 Authority Bonds were issued to refund certain bonds issued in 1995 (the "1995 Authority Bonds") issued by the Authority. The proceeds of the 1995 Authority Bonds were used to assist the Former RDA to finance redevelopment projects and to refund certain prior bonded debt of Former RDA; however, the 2006 Authority Bonds are not Enforceable Obligations of the Former Redevelopment Agency.

T. In light of the insufficiency of the ROPS 15-16B RPTTF Disbursement to cover the payment on the Bonds for ROPS 15-16B Period, the City and the Successor Agency determined that 3141 Riverside sale proceeds of \$212,204 and Pledged TOT Revenues, of up to \$141,755, are to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 15-16B Period.

U. The Oversight Board has received a copy of Resolution No. ~~2016-1~~, adopted by the Board of Directors of the Successor Agency on January 19, 2016, requesting the Oversight Board to: acknowledge and ratify the Successor Agency's use of up to \$353,960 of sale proceeds and Pledged TOT Revenues to pay debt service on the Bonds during ROPS 15-16B Period.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. The Oversight Board hereby: acknowledges and ratifies the Successor Agency's use of up to \$353,960 of sale proceeds and Pledged TOT Revenues to pay debt service on the Bonds during ROPS 15-16B Period.

Section 3. The members of this Oversight Board and the officers of the Successor Agency are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

Section 4. **PASSED AND ADOPTED** by the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on January 28, 2016, by the following vote:

AYES: Board Member(s) _____

NOES: Board Member(s) _____

ABSENT: Board Member(s) _____

ABSTAIN: Board Member(s) _____

Hal Cole, Chairperson

ATTEST:

Clerk of the Board