

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
OF THE MURRIETA REDEVELOPMENT AGENCY**

AGENDA

**1 TOWN SQUARE
MURRIETA, CALIFORNIA 92562**

**JANUARY 22, 2018
4:30 P.M. REGULAR MEETING**

BOARD MEMBERS:

Kim Summers, *Mayor's Appointee*
Scott Ferguson, *Fire Chief, Largest Special District Appointee*
Matt Snellings, *County Superintendent of Education Appointee*
Patrick Kelley, *Board of Supervisors Appointee*
Linda Le, *Mayor's Appointee*
Dr. Roger Schultz, *California Community Colleges Appointee*
Ruthanne Taylor Berger, *Board of Supervisors Appointee*

STAFF:

Karrie Swaine, *Interim Deputy Director - Finance*
Stephanie Lawson, *Management Analyst*
Lorie Abeles, *Secretary*
Tara Matthews – RSG (Consultant)

CALL TO ORDER Chair Taylor Berger

ROLL CALL

PLEDGE OF ALLEGIANCE

ADMINISTRATIVE ACTION

1. Approval of Minutes from the May 5, 2017 meeting.

STAFF REPORTS

1. Approval of the Recognized Obligation Payment Schedule 18-19 and the Administrative Budget for July 2018 through June 2019

RECOMMENDATION

As the Oversight Board of the Successor Agency to the Murrieta Redevelopment Agency:

- a) Adopt a Resolution approving the Annual Recognized Obligation Payment Schedule ("ROPS") 18-19 and the Successor Agency Administrative Budget, both for the period July 1, 2018 through June 30, 2019, pursuant to Assembly Bill ("AB") X1 26, AB 1484, AB 471, and Senate Bill ("SB") 107.
 - b) Authorize the transmission of ROPS 18-19 to the Department of Finance ("DOF") and the Riverside County Auditor/Controller ("CAC").
2. Approve a Bond Proceeds Expenditure Agreement between the Successor Agency to the Murrieta Redevelopment Agency and the City of Murrieta



The City of Murrieta Intends to Comply with the **Americans with Disabilities Act (ADA)**. Persons with special needs should call Lorie Abeles at the Clerk of the Board office at (951) 461-6060 at least 72 hours in advance.

Any writings or documents provided to a majority of the Board regarding any item on this agenda will be made available for public inspection at the Public Counter at City Hall located at 1 Town Square, Murrieta, CA during normal business hours.

RECOMMENDATION

- a) It is recommended the Oversight Board adopt a resolution approving the Bond Proceeds Expenditure Agreement between the Successor Agency to the Murrieta Redevelopment Agency (“Successor Agency”) and the City of Murrieta (“City”) for the transfer of \$20,556,236 in excess bond proceeds to the City for implementation of projects consistent with the original bond covenants.

PUBLIC COMMENTS

Any member of the public may address the Board during the public comments portion of the agenda on items within the Board's jurisdiction that are not already scheduled for consideration on this agenda. However, the Board can take no action on matters that are not part of the posted agenda. A time limit of three minutes may be applied on each individual addressing the Board.

ADJOURNMENT

Adjourn off calendar.

MINUTES

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE MURRIETA REDEVELOPMENT AGENCY

1 TOWN SQUARE
MURRIETA, CALIFORNIA 92562

MAY 5, 2017
4:00 P.M. REGULAR MEETING

CALL TO ORDER Vice Chair Snellings called the meeting to order at 4:00 p.m.

ROLL CALL

PRESENT: Rick Dudley, Scott Ferguson, Matt Snellings and Linda Le

ABSENT: Patrick Kelley and Roger Schultz and Ruthanne Taylor Berger.

STAFF PRESENT: Karrie Swain, Interim Deputy Director - Finance; Lorie Abeles, Senior Administrative Assistant

PLEDGE OF ALLEGIANCE

ADMINISTRATIVE ACTION

1. Approval of Minutes

ACTION: Moved by Board member Ferguson, seconded by Board member Dudley, to approve the minutes from the meeting of January 23, 2017; motion unanimously carried.

STAFF REPORTS

1. Adopt a Resolution authorizing the issuance and sale of Tax Allocation Refunding Bonds in an amount not to exceed \$45,000,000, approving the form of an Indenture of Trust, a form of Escrow Agreement and a Continuing Disclosure Certificate.

Board member Dudley opened the discussion with his understanding of the reasons for issuance and sale of the Bonds. Discussion continued among the Board Members.

ACTION: Moved by Board member Ferguson, seconded by Board member Dudley, and unanimously carried to approve Resolution OB-2017-3, authorizing the issuance and sales of Tax Allocation Refunding Bonds in an amount not to exceed \$45,000,000, approving the form of a Indenture of Trust, a form of Escrow Agreement and a Continuing Disclosure Certificate.

PUBLIC COMMENTS

None.

ADJOURNMENT

At 4:04 p.m., it was unanimously carried to adjourn off calendar.

OVERSIGHT BOARD CHAIR

SECRETARY

DRAFT

REQUEST FOR OVERSIGHT BOARD ACTION

Subject: Approval of the Recognized Obligation Payment Schedule 18-19 and the Administrative Budget for July 2018 through June 2019

Date: January 22, 2018

Prepared by: Karrie Swaine, Interim Deputy Director Finance

Approved by: Linda Le, Administrative Services Director

RECOMMENDATION

As the Oversight Board of the Successor Agency to the Murrieta Redevelopment Agency:

1. Adopt a Resolution approving the Annual Recognized Obligation Payment Schedule (“ROPS”) 18-19 and the Successor Agency Administrative Budget, both for the period July 1, 2018 through June 30, 2019, pursuant to Assembly Bill (“AB”) X1 26, AB 1484, AB 471, and Senate Bill (“SB”) 107.
2. Authorize the transmission of ROPS 18-19 to the Department of Finance (“DOF”) and the Riverside County Auditor/Controller (“CAC”).

PRIOR ACTION/VOTE

On January 23, 2017, the Oversight Board adopted Resolution OB-2017-1, approving the Administrative Budget for the periods: July 1, 2017 to December 31, 2017 and January 1, 2018 to June 30, 2018. (Vote 7:0)

On January 23, 2017, the Oversight Board adopted Resolution OB-2017-2, approving ROPS 17-18 for the period of July 1, 2017 to June 30, 2018. (Vote 7:0)

BACKGROUND

On December 29, 2011, the California Supreme Court issued its decision in *CRA v. Matosantos*, upholding AB X1 26, which dissolves all redevelopment agencies in California, and overturning AB X1 27, the “voluntary alternative redevelopment program.” With the voluntary redevelopment program provided for in AB 1X 27 having been ruled unconstitutional by the Court, all California redevelopment agencies were dissolved on February 1, 2012. Thus, as of February 1, 2012, redevelopment agencies throughout the state ceased to exist. As codified in the State Health and Safety Code (“HSC”), successor agencies are responsible for winding down the affairs of their respective now-dissolved redevelopment agencies. The City of Murrieta (“City”) is acting as the Successor Agency (“Successor Agency”) to the dissolved Murrieta Redevelopment Agency (“former Redevelopment Agency”).

As part of the dissolution process, the Successor Agency is required to prepare a ROPS showing all the obligations of the former Redevelopment Agency and the sources of funds for the repayments. The Successor Agency must also prepare an administrative budget for the upcoming twelve-month fiscal period. Both documents must be submitted to the Oversight Board for approval.



DISCUSSION

The Oversight Board is being asked to approve ROPS 18-19. Following Oversight Board approval, ROPS 18-19 will be transmitted to the California Department of Finance (“DOF”), California State Controller, and Riverside County Auditor-Controller for their review by the February 1, 2018 deadline.

Descriptions of items on ROPS 18-19 are provided below.

Bonds Debt Service and Fiscal Agent Fees

The Successor Agency refunded the 2002, 2005, and 2007 Tax Allocation Bonds with an issue of 2017 Tax Allocation Refunding Bonds to take advantage of lower interest rates and to reduce the sum of total future debt service payments. The refunding enabled the Successor Agency to retire the previous Bonds and associated fiscal agent fees (ROPS items 1-8). They are being replaced with ROPS items 57-59, which are series A and B of the 2017 refunding and associated fiscal agent fees and continuing disclosure costs.

Bond Proceed Expenditures on Capital Projects

Capital project obligations (ROPS items 22, 23, 25, and 44-54) are being replaced with a Bond Proceeds Transfer. The City and Successor Agency are entering into a Bond Proceed Expenditure Agreement to transfer remaining debt to the city, along with responsibility for completing the associated capital projects. This transfer will eliminate the process of requesting authorization to fund those projects on each annual ROPS. This new item will appear only on ROPS 18-19 to complete the Agreement. Then it will no longer need to be requested on the annual ROPS.

Administrative Allowance

HSC Section 34177(j) requires the Successor Agency to prepare an Administrative Budget and submit it to the Oversight Board for approval. The Successor Agency anticipates needing the entire \$250,000 minimum annual administration allocation described in HSC Section 34171 (b) and is requesting that amount (ROPS item 9), split as \$125,000 for each six-month ROPS period.

City Loans

On October 5, 2004, the City approved a loan of \$3,870,000 from the general fund to the Low and Moderate Income Housing Fund. On March 15th, 2005, the City approved a general fund loan of \$1,500,000 to the former Redevelopment Agency. These loans are now included on the ROPS as items 42 and 43. 20% of repayments on the first loan are allocated to the Low and Moderate Income Housing Fund (“LMIHF”), with the balance going to the City’s General Fund. All repayments on the second loan are owed to the LMIHF.

Payments on loans made from the City to the Redevelopment Agency are limited in each fiscal year to one half of the difference between the previous fiscal year’s residual revenue and the fiscal year 2012-13 residual revenue.

Residual revenue is the amount of RPTTF revenue—property taxes distributed by the County Auditor-Controller—available after deducting from gross revenue the following:

- County Auditor-Controller’s and State Controller’s Office administrative fees,



- pass through payments, and
- the amount approved by DOF to pay enforceable obligations.

The Successor Agency's residual revenue equaled \$2,684,652 in fiscal year 2012-13 and \$3,481,362 in fiscal year 2017-18. The Successor Agency can receive up to \$398,355 for the two City loans based on the formula described above. The loans have balances of approximately \$3,179,300 and \$1,463,692 as of the first quarter of 2018. The Successor Agency requests \$0 for the housing loan and \$398,355 for the general Redevelopment loan.

Last and Final ROPS

Pursuant to HSC section 34191.6 (a), beginning January 1, 2016, agencies that have received a Finding of Completion may submit a Last and Final ROPS if all the following conditions are met:

- 1) The remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.
- 2) All remaining obligations have been previously listed on the ROPS and approved for payment by DOF pursuant to HSC section 34177 (m) or (o).
- 3) The agency is not a party to outstanding/unresolved litigation, except as specified in HSC section 34191.6 (a) (3).

The Successor Agency can amend the Last and Final ROPS twice. The Successor Agency does not meet the required conditions because not all remaining obligations were listed on a previous ROPS and approved for repayment by DOF, nor do all remaining obligations have set payment schedules. The Successor Agency anticipates that after the current ROPS is approved and the professional services are complete, the Successor Agency may be eligible to submit a Last and Final ROPS.

Oversight Board Consolidation

As a matter background, oversight boards have broad authority to set administrative budgets, approve the transfer of properties pursuant to a long-range property management plan, approve enforceable obligations, and otherwise direct the successor agency to perform activities to wind down the former redevelopment agencies.

The Dissolution Act (specifically HSC Section 34179(j-q)), provides that local oversight boards are succeeded by a single Countywide oversight board (except for Los Angeles County, where 5 oversight boards will be created) on **July 1, 2018**. After that date, the current Oversight Board to the Successor Agency will have fulfilled its responsibilities and will no longer need to meet. The County Auditor-Controller's office is responsible for coordinating the creation of these new succeeding oversight boards. The next annual ROPS and Administrative Budget prepared by the Successor Agency will be approved by this new Riverside County Oversight Board.

FISCAL IMPACT

The preparation and submittal of ROPS 18-19 is required to allow the Successor Agency to pay its approved enforceable obligations for the period of July 1, 2018 through June 30, 2019.



ATTACHMENTS

1. Oversight Board Resolution OB-2018-1 approving the Annual ROPS 18-19 and the Successor Agency Administrative budget, both for the period of July 1, 2018 to June 30, 2019
2. ROPS 18-19
3. Fiscal Year 2018-19 Successor Agency Administrative Budget

**OVERSIGHT BOARD
RESOLUTION NO. OB-2018-1**

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE TWELVE-MONTH FISCAL PERIOD FROM JULY 1, 2018 THROUGH JUNE 30, 2019, APPROVING THE SUCCESSOR AGENCY'S PROPOSED ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2018-19, AND TAKING CERTAIN RELATED ACTIONS.

WHEREAS, the Murrieta Redevelopment Agency (the "Prior Agency") was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the "Law"), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, on June 28, 2011, the California Legislature adopted Assembly Bill ("AB")x1 26 (the "Dissolution Act") and ABx1 27 (the "Opt-in Bill"); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the Prior Agency as of February 1, 2012; and

WHEREAS, the redevelopment powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Murrieta Redevelopment Agency (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB 1484 was adopted as a trailer bill in connection with the 2012-13 California Budget and Senate Bill 107 was adopted September 11, 2015, both to modify certain provisions of the Dissolution Act; and

WHEREAS, the Oversight Board of the Successor Agency to the Murrieta Redevelopment Agency has been appointed pursuant to the provisions of Health and Safety Code Section 34179, et seq.; and

WHEREAS, among the duties of successor agencies under the Dissolution Act is the preparation of a recognized obligation payment schedule ("ROPS") for the ensuing twelve-month fiscal year for consideration by a local oversight board and California State Department of Finance ("DOF") for purposes of administering the wind-down of financial obligations of the Prior Agency; and

WHEREAS, the Dissolution Act requires that the proposed ROPS be transmitted to the local oversight board, after which the oversight board may approve and transmit the adopted ROPS to DOF, the State Controller, and the county auditor-controller for their consideration; and

WHEREAS, Section 34177(j) of the Dissolution Act requires the Successor Agency to prepare a proposed administrative budget and submit it to the Oversight Board for approval; and

WHEREAS, pursuant to Section 34177(j), the Successor Agency's "Administrative Budget" is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the up-coming twelve-month fiscal period; (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the city serving as Successor Agency; and

WHEREAS, the proposed ROPS and Administrative Budget for the twelve-month period from July 1, 2018 through June 30, 2019 attached hereto as Exhibit "A" has been prepared by staff and consultants consistent with the provisions of the Dissolution Act and in the format made available by DOF; and

WHEREAS, the Successor Agency approved the 2018-19 ROPS and Administrative Budget at its meeting on January 16, 2018; and

WHEREAS, pursuant to Health and Safety Code sections 34177(l) and 34180(g), the Oversight Board must approve all ROPS and Administrative Budgets for them to become established, valid, and operative for the applicable twelve-month fiscal period.

NOW THEREFORE BE IT RESOLVED, by the Oversight Board as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.
2. The Oversight Board hereby approves proposed ROPS 18-19 and Administrative Budget, substantially in the form attached hereto as Exhibit "A". Successor Agency staff is hereby authorized and directed to submit a copy of the Oversight Board-approved ROPS 18-19 to DOF, the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS 18-19 on the Successor Agency's website.
3. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED AND ADOPTED this 22nd day of January 2018.

CHAIRPERSON

ATTEST:

Lorie Abeles, Secretary

I, Lorie Abeles, Secretary to the Oversight Board, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the Oversight Board on the 22nd day of January, 2018, by the following roll call vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Lorie Abeles, Secretary

EXHIBIT A

SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY

ROPS 18-19 AND ADMINISTRATIVE BUDGET

(July 1, 2018 through June 30, 2019)

Recognized Obligation Payment Schedule (ROPS 18-19) - Summary

Filed for the July 1, 2018 through June 30, 2019 Period

Successor Agency: Murrieta
 County: Riverside

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	18-19A Total (July - December)	18-19B Total (January - June)	ROPS 18-19 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 20,556,236	\$ -	\$ 20,556,236
B Bond Proceeds	20,556,236	-	20,556,236
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,575,753	\$ 1,197,978	\$ 3,773,731
F RPTTF	2,450,753	1,072,978	3,523,731
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 23,131,989	\$ 1,197,978	\$ 24,329,967

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

 Name Title
 /s/_____
 Signature Date

Murrieta Recognized Obligation Payment Schedule (ROPS 18-19) - ROPS Detail

July 1, 2018 through June 30, 2019

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	18-19A (July - December)				Q	18-19B (January - June)				W		
											Fund Sources					Fund Sources						
											L	M	N	O		P	R	S	T		U	V
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 18-19 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	18-19A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	18-19B Total
								\$ 86,042,323		\$ 24,329,967	\$ 20,556,236	\$ -	\$ -	\$ 2,450,753	\$ 125,000	\$ 23,131,989	\$ -	\$ -	\$ -	\$ 1,072,978	\$ 125,000	\$ 1,197,978
1	2002 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	8/1/2002	8/1/2032	Union Bank	Debt Service Payments	Combined Project Area	-	Y	\$ -						\$ -						\$ -
2	2002 Tax Allocation Bonds-housing	Bonds Issued On or Before 12/31/10	8/1/2002	8/1/2032	Union Bank	Debt Service Payments	Combined Project Area	-	Y	\$ -						\$ -						\$ -
3	2002 Tax Allocation Bond Admin Fees	Fees	8/1/2002	8/1/2032	Union Bank	Fiscal agent fees, annual continuing disclosure fee	Combined Project Area	-	Y	\$ -						\$ -						\$ -
4	2005 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	2/23/2005	8/1/2035	Union Bank	Debt Service Payments	Combined Project Area	-	Y	\$ -						\$ -						\$ -
5	2005 Tax Allocation Bonds-housing	Bonds Issued On or Before 12/31/10	2/23/2005	8/1/2035	Union Bank	Debt Service Payments	Combined Project Area	-	Y	\$ -						\$ -						\$ -
6	2005 Tax Allocation Bond Admin Fees	Fees	2/23/2005	8/1/2035	Union Bank	Fiscal agent fees, annual continuing disclosure fee	Combined Project Area	-	Y	\$ -						\$ -						\$ -
7	2007 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	7/12/2007	8/1/2037	Union Bank	Debt Service Payments	Combined Project Area	-	Y	\$ -						\$ -						\$ -
8	2007 Tax Allocation Bond Admin Fees	Fees	7/12/2007	8/1/2037	Union Bank	Fiscal agent fees, annual continuing disclosure fee	Combined Project Area	-	Y	\$ -						\$ -						\$ -
9	City administration	Admin Costs	7/1/2015	6/30/2038	City of Murrieta	Payroll & Operating costs	Combined Project Area	5,000,000	N	\$ 250,000				125,000		\$ 125,000					125,000	\$ 125,000
22	Meadowlark Lane Improvements #8448	Professional Services	3/17/2009	6/30/2019	Rick Engineering	Plan Checking	Combined Project Area	-	Y	\$ -						\$ -						\$ -
23	Meadowlark Lane Improvements #8448	Professional Services	7/7/2009	6/30/2019	Bureau Veritas	Plan Checking	Combined Project Area	-	Y	\$ -						\$ -						\$ -
25	Meadowlark Lane Improvements #8448	Project Management Costs	3/17/2009	6/30/2019	City of Murrieta	Contract management	Combined Project Area	-	Y	\$ -						\$ -						\$ -
26	Retiree Medical Trust	Unfunded Liabilities	6/1/2009	6/30/2037	Cal PERS medical	Contribution towards unfunded post employment retirement health	Combined Project Area	64,000	N													
42	Loan Payable to City of Murrieta-Housing	City/County Loan (Prior 06/28/11), Property transaction	10/5/2004	6/30/2022	City of Murrieta	Loan repayments pursuant to HSC section 34191.4(b)	Combined Project Area	3,179,300	N	\$ -						\$ -						\$ -
43	Loan Payable to City of Murrieta-Redevelopment	City/County Loan (Prior 06/28/11), Cash exchange	3/15/2005	6/30/2022	City of Murrieta	Loan repayments pursuant to HSC section 34191.4(b)	Combined Project Area	1,463,692	N	\$ 398,355						\$ -			398,355			\$ 398,355
44	Town Square Improvements	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Design and Construct restrooms, dressing rooms, lighting, sound system, clamshell stage	Combined Project Area	-	Y	\$ -						\$ -						\$ -
45	Madison-MHSR to Guava	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Right of way acquisitions	Combined Project Area	-	Y	\$ -						\$ -						\$ -
46	Madison-MHSR to Guava	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Design and Construction of full width improvements	Combined Project Area	-	Y	\$ -						\$ -						\$ -
47	Meadowlark Lane-Baxter to Keller	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Right of way acquisitions	Combined Project Area	-	Y	\$ -						\$ -						\$ -
48	Meadowlark Lane-Baxter to Keller	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Design and Construction of full width improvements	Combined Project Area	-	Y	\$ -						\$ -						\$ -
49	I-215 & Clinton Keith Interchange	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Environmental Mitigation	Combined Project Area	-	Y	\$ -						\$ -						\$ -
50	I-215 & Clinton Keith Interchange	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Landscaping	Combined Project Area	-	Y	\$ -						\$ -						\$ -
51	I-215 & Keller Interchange	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Design of new Interchange	Combined Project Area	-	Y	\$ -						\$ -						\$ -
52	I-15 & MHSR Loop ramp	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Right of way acquisitions	Combined Project Area	-	Y	\$ -						\$ -						\$ -
53	Whitewood Extension/Roundabout	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Construct Whitewood Rd between MHSR and Jackson	Combined Project Area	-	Y	\$ -						\$ -						\$ -
54	Madison-Guava to Elm	Bond Funded Project - Pre-2011	7/1/2016	6/30/2019	TBD	Design and Construction of full width improvements	Combined Project Area	-	Y	\$ -						\$ -						\$ -
57	2017 Tax Allocation Refunding Bonds, Series A	Refunding Bonds Issued After 6/27/12	10/5/2017	8/1/2035	Union Bank	Debt Service Payments for Refunding of 2002, 2005, and 2007 Bonds	Combined Project Area	19,459,632	N	\$ 1,303,606			1,040,653			\$ 1,040,653			262,953			\$ 262,953
58	2017 Tax Allocation Refunding Bonds, Series B	Refunding Bonds Issued After 6/27/12	10/5/2017	8/1/2037	Union Bank	Debt Service Payments for Refunding of 2002, 2005, and 2007 Bonds	Combined Project Area	35,949,563	N	\$ 1,801,220			1,397,050			\$ 1,397,050			404,170			\$ 404,170
59	2017 Bonds Fiscal Agent Fees and Continuing Disclosure Costs	Fees	10/5/2017	8/1/2037	Union Bank	Fiscal agent fees, annual continuing disclosure costs	Combined Project Area	369,900	N	\$ 20,550			13,050			\$ 13,050			7,500			\$ 7,500
60	Bond Proceed Expenditure Agreement	Bond Funded Project - Pre-2011	1/2/2018	6/30/2018	City of Murrieta	Bond proceed transfer to City for expenditure on bond projects per approved agreement and other controlling documents from original Bond issues	Combined Project Area	20,556,236	N	\$ 20,556,236	20,556,236					\$ 20,556,236						\$ -

Murrieta Recognized Obligation Payment Schedule (ROPS 18-19) - Notes July 1, 2018 through June 30, 2019

Item #	Notes/Comments
	None

Murrieta Successor Agency Administrative Budget

July 1, 2018 through December 31, 2018	Total	Source
Successor Agency Staff		
Salaries and Wages	70,000	RPTTF / Admin
Other Fees and Administrative Costs	<u>15,000</u>	RPTTF / Admin
Subtotal	\$ 85,000	
Consultant Staffing Costs for Successor Agency		
Financial and legal services	<u>40,000</u>	RPTTF / Admin
Subtotal	\$ 40,000	
FINAL BUDGET	125,000	
January 1, 2019 through June 30, 2019		
Successor Agency Staff		
Salaries and Wages	70,000	RPTTF / Admin
Other Fees and Administrative Costs	<u>15,000</u>	RPTTF / Admin
Subtotal	\$ 85,000	
Consultant Staffing Costs for Successor Agency		
Financial and legal services	<u>40,000</u>	RPTTF / Admin
Subtotal	\$ 40,000	
FINAL BUDGET	125,000	

REQUEST FOR OVERSIGHT BOARD ACTION

Subject: APPROVE A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY AND THE CITY OF MURRIETA

Date: January 22, 2018

Prepared by: Karrie Swaine, Interim Deputy Director Finance

Approved by: Linda Le, Administrative Services Director

RECOMMENDATION

It is recommended the Oversight Board adopt a resolution approving the Bond Proceeds Expenditure Agreement between the Successor Agency to the Murrieta Redevelopment Agency ("Successor Agency") and the City of Murrieta ("City") for the transfer of \$20,556,236 in excess bond proceeds to the City for implementation of projects consistent with the original bond covenants.

BACKGROUND

The former Murrieta Redevelopment Agency ("RDA") issued Tax Allocation Bonds in 2002, 2005, and 2007 ("Bonds"), which the Successor Agency refunded in 2017. As of the last accounting, approximately \$20,556,236 remains unspent as excess bond proceeds from these bonds. Pursuant to Health and Safety Code ("HSC") Section 34191.4(c), the Successor Agency is permitted to spend these excess bond proceeds in compliance with the original bond covenants.

The Successor Agency is proposing a Bond Proceeds Expenditure Agreement between the City and the Successor Agency that authorizes the transfer of all unspent bond proceeds associated with the Bonds from the Successor Agency to the City to complete projects and activities consistent with the bond covenants. Up to \$20,556,236 is authorized for transfer.

This transfer would be placed on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS") for 2018-19. After that ROPS is approved by the California Department of Finance ("DOF") and the funds are transferred, the City would be able to spend the funds when they are needed without the Successor Agency needing to get further approval for bond proceed expenditure on a future ROPS.

The attached Bond Proceeds Expenditure Agreement is a master agreement authorizing the City to spend excess bond proceeds transferred from the Successor Agency on the projects and programs permitted by the original bond covenants. The agreement is submitted to the Oversight Board for its approval. As demonstrated in the attached resolution, this agreement will assist in the winding down of the former RDA, since it will assign the obligations associated with the excess bond proceeds to the City. Thus, the agreement complies with HSC Section 34177.3(b), and staff request the Oversight Board approve it.

In addition, allowing the City to implement these projects with the excess bond proceeds would advance the City's community development goals by revitalizing the former redevelopment project area and providing social and fiscal benefits to taxing entities and the community.



FISCAL IMPACT

Approval of the Bond Proceeds Expenditure Agreement would allow the Successor Agency to transfer and the City to receive excess bond funds to implement up to \$20,556,236 worth of projects consistent with the bond covenants and the original intent of the bonds.

ATTACHMENTS

1. Resolution No. 2018-02 to approve the Bonds Proceeds Expenditure Agreement
2. Proposed Bond Proceeds Expenditure Agreement

**OVERSIGHT BOARD
RESOLUTION NO. OB-2018-2**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT
AGENCY APPROVING A BOND PROCEEDS EXPENDITURE
AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE
MURRIETA REDEVELOPMENT AGENCY AND THE CITY OF
MURRIETA**

WHEREAS, the Murrieta Redevelopment Agency (the “Prior Agency”) was a public body, corporate and politic, duly created, established and authorized to transact business and exercise its powers under and pursuant to the provisions of the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) (the “Law”), and the powers of the Prior Agency included the power to issue bonds for any of its corporate purposes; and

WHEREAS, on June 28, 2011, the California Legislature adopted Assembly Bill (“AB”)x1 26 (the “Dissolution Act”) and ABx1 27 (the “Opt-in Bill”); and

WHEREAS, the California Supreme Court subsequently upheld the provisions of the Dissolution Act and invalidated the Opt-in Bill resulting in the dissolution of the Prior Agency as of February 1, 2012; and

WHEREAS, the redevelopment powers, assets and obligations of the Prior Agency were transferred on February 1, 2012 to the Successor Agency to the Murrieta Redevelopment Agency (the “Successor Agency”); and

WHEREAS, the Successor Agency received its Finding of Completion under Health and Safety Code (“HSC”) Section 34179.7 from the California Department of Finance on December 21, 2015; and

WHEREAS, HSC Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to December 31, 2010 (“Bond Proceeds”) for purposes for which the bonds were sold, provides that Bond Proceeds in excess of amounts needed to satisfy approved enforceable obligations as defined in HSC Section 34171(d) (“Excess Bond Proceeds”) be expended in a manner consistent with the original bond covenants, and further provides that such expenditures constitute excess bond proceeds obligations within the meaning of HSC Section 34191.4(c)(2)(A) that must be listed separately on the successor agency’s Recognized Obligation Payment Schedule (“ROPS”); and

WHEREAS, as of its last accounting, the Successor Agency has determined it is holding Excess Bond Proceeds in the amount of up to \$20,556,236 that are not otherwise obligated for a project or other enforceable obligations from the Tax Allocation Bonds, Series 2002, 2005, and 2007 for the Murrieta Redevelopment Project Area (“Bonds”); and

WHEREAS, the Successor Agency desires to transfer Excess Bond Proceeds to the City to enable the City to use such funds, in a manner consistent with the original bond covenants to undertake projects and programs that were not previously funded and obligated by the Successor Agency or the City; and

WHEREAS, the use of Excess Bond Proceeds to fund projects detailed in the Agreement is in accordance with HSC Sections 33445, 33445.1, and 33679, the original bond covenants, and other applicable laws; and

WHEREAS, the City Council acting on behalf of both the City and the Successor Agency approved the Agreement at a meeting on January 16, 2018; and

WHEREAS, pursuant to HSC Section 34178(c), the Oversight Board must approve all agreements between the Successor Agency and the City, and such agreements must effectuate the wind down of the former RDA, in accordance with HSC 34177.3(b); and

WHEREAS, the Oversight Board finds that the transfer of the excess bond proceeds effectuates the wind down of the former RDA by transferring the on-going obligations of oversight and administration of these bond proceeds from the Successor Agency to the City.

NOW THEREFORE BE IT RESOLVED, by the Oversight Board as follows:

1. The above recitals are true and correct and are a substantive part of this Resolution.
2. Based on the foregoing findings, the Oversight Board approves the Agreement attached as Exhibit "A" to this Resolution.
3. The officers and staff of the City Council and Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including providing documents associated with the Agreement to the Riverside County Auditor-Controller, State Controller, and State Department of Finance.

PASSED, APPROVED AND ADOPTED this 22nd day of January, 2018.

CHAIRPERSON

ATTEST:

Lorie Abeles, Secretary

I, Lorie Abeles, Secretary to the Oversight Board, do hereby certify under penalty of perjury that the foregoing Resolution was duly adopted at a regular meeting of the Oversight Board on the 22nd day of January, 2018, by the following roll call vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Lorie Abeles, Secretary

EXHIBIT A

SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY

BOND PROCEEDS EXPENDITURE AGREEMENT

BOND PROCEEDS EXPENDITURE AGREEMENT

This Bond Proceeds Expenditure Agreement (“Agreement”) is entered into effective _____, 2018 by and between the CITY OF MURRIETA, a California General Law City and municipal corporation (“City”), and the SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY (“Successor Agency”), a public body, corporate and politic, formed under Health and Safety Code (“HSC”) Section 34173 pursuant to City Council Resolution No. 12-2864, Successor Agency Resolution No. _____, and Oversight Board for the Successor Agency (“Oversight Board”) Resolution No. _____.

Recitals

A. The former Murrieta Redevelopment Agency (“former Agency”) was a California public body, corporate and politic, duly formed by the City Council of the City (“City Council”) and was organized, existed, and exercised the powers of a community redevelopment agency under the California Community Redevelopment Law, Health and Safety Code (“HSC”) Section 33000, et seq. (“CRL”).

B. Pursuant to authority granted under the CRL, the former Agency had responsibility to implement the Redevelopment Plan for the Murrieta Redevelopment Project Area (the “Project Area”), originally approved by Ordinance No. 59, adopted by the City Council on July 7, 1992 and amended to add area by Ordinance No. 208-99, enacted by the City Council on June 15, 1999.

C. The former Agency issued Tax Allocation Bonds, Series 2002, 2005, and 2007 in the original total principal amount of \$55,805,000 (the “Bonds”) pursuant to those certain Indentures of Trust dated as of August 23, 2002 (Series 2002), February 23, 2005 (Series 2005), and July 12, 2007 (Series 2007) and executed by and between the former Agency and Union Bank as Successor Trustee (the “Indentures”).

D. Assembly Bill (“AB”) x1 26, effective on June 28, 2011, added Parts 1.8 and 1.85 to Division 24 of the HSC and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861 (“*Matosantos Decision*”), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies. Thereafter, such laws were amended further by AB 1484 that was effective on June 27, 2012, and further amended by Senate Bill (“SB”) 107, which was effective September 22, 2015 (together AB x1 26, the *Matosantos Decision*, AB 1484, and SB 107 are referred to as the “Dissolution Act”).

E. As of February 1, 2012, the former Agency was dissolved pursuant to the Dissolution Act.

F. As of February 1, 2012, the Successor Agency is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the former Agency and is engaged in activities necessary and appropriate to wind down the affairs of the former Agency, all subject to the review and approval by a seven-member “Oversight Board.”

G. HSC Section 34191.4(c) provides that once a successor agency has received a finding of completion, the successor agency is authorized to use the proceeds from bonds issued on or before December 31, 2010, for the purposes for which the bonds were sold, and is further authorized to expend proceeds in excess of amounts needed to satisfy approved enforceable obligations (“Excess Bond Proceeds”) in a manner consistent with the original bond covenants. Such expenditures constitute “excess bond proceeds obligations” that must be listed separately on the successor agency’s Recognized Obligation Payment Schedule (“ROPS”).

H. The Successor Agency received its Finding of Completion under HSC Section 34179.7 from the California Department of Finance on December 21, 2015.

I. The CRL provides for a cooperative relationship between cities and their redevelopment agencies, as well as their successor agencies who have assumed the duties and obligations of the former redevelopment agencies. Under HSC Section 33220, a city may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. HSC Section 33220(e) specifically authorizes a city to enter into an agreement with its redevelopment agency or any other public entity to further redevelopment purposes. HSC Section 34178 allows a successor agency and its sponsoring city to enter into agreements subject to Oversight Board approval pursuant to HSC Section 34180(h).

J. The Successor Agency has Excess Bond Proceeds from the Bonds, and wishes to use such proceeds for redevelopment purposes consistent with applicable bond covenants.

K. The Successor Agency desires to transfer its Excess Bond Proceeds to the City to enable the City to use such funds, in a manner consistent with the original bond covenants; to undertake projects and programs that were not previously funded and obligated by the Successor Agency or the City. The City Council and Successor Agency Board have determined that the use of Excess Bond Proceeds to fund projects is in accordance with HSC Sections 33445, 33445.1, and 33679, the bond covenants, and other applicable law.

L. On January ___, 2018, the Oversight Board determined that this Agreement will effectuate the wind down of the Successor Agency consistent with HSC 34177.3(b) and approved this Agreement by resolution pursuant to HSC 34178(c).

M. To facilitate the use of Excess Bond Proceeds consistent with the bond covenants, the Successor Agency and the City have negotiated this Agreement requiring the transfer of current Excess Bond Proceeds by the Successor Agency to the City, and the City’s use of such proceeds consistent with applicable bond covenants. The parties intend that this Agreement constitutes an excess bond proceeds obligation within the meaning of HSC Section 34191.4(c)(2)(A) (“Excess Bond Proceeds Obligation”) to be paid from Excess Bond Proceeds. Upon approval by the Oversight Board, the Successor Agency will list this Agreement, and the requirement to transfer Excess Bond Proceeds herein, on its ROPS for July 1, 2018 through June 30, 2019 (“ROPS 18-19”) as an Excess Bond Proceeds Obligation.

NOW, THEREFORE, the parties mutually agree as follows:

1. Incorporation of Recitals. The recitals above are an integral part of this Agreement and set forth the intentions of the parties, and are incorporated into this Agreement by this reference.

2. Successor Agency Obligations. The Successor Agency has the following obligations under this Agreement:

2.1. Current Excess Bond Proceeds. Once the transfer of Excess Bond Proceeds has been listed on ROPS 18-19, and such ROPS has been approved by the Department of Finance, the Successor Agency will transfer to the City, no later than June 30, 2019, Excess Bond Proceeds held by the Successor Agency as of the date of transfer in an amount not to exceed the lesser of available, unobligated Bond Proceeds and **Twenty Million, Five Hundred Fifty-Six Thousand, Two Hundred Thirty-Six dollars (\$20,556,236)**.

2.2. Future Excess Bond Proceeds. The Successor Agency will transfer to the City all future Excess Bond Proceeds held or received by the Successor Agency. Such future Excess Bond Proceeds may include, without limitation, (1) Bond Proceeds previously obligated to a project or other Enforceable Obligation that become unobligated for any reason, (2) Bond Proceeds that become available in the form of rents, sale proceeds, loan repayments, or other revenues that are generated by properties or other assets acquired and/or improved with Bond Proceeds and that are not otherwise obligated to a project or other Enforceable Obligation, and (3) any other funds held by the Successor Agency that qualify as Excess Bond Proceeds under this Agreement. For purposes of this Agreement, "Enforceable Obligation" has the meaning ascribed to such term in HSC Section 34171(d).

The parties intend that payments of future Excess Bond Proceeds be made to the City as soon as possible after such Excess Bond Proceeds become available. The transfer of future Excess Bond Proceeds will be made pursuant to an approved ROPS within 30 days of the commencement of the relevant ROPS period. The Successor Agency is responsible for ensuring that payments of future Excess Bond Proceeds, as such funds become available, are included on the next possible ROPS.

2.3. Projects Funded by Excess Bond Proceeds. The Successor Agency assigns to the City all responsibilities in relation to the administration of any projects or programs funded by Excess Bond Proceeds. The Successor Agency assigns to the City all contracts entered into by the Successor Agency or the former Agency related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by the Successor Agency relating to Enforceable Obligations.

3. City Obligations. The City has the following obligations under this Agreement:

3.1. Retention of Excess Bond Proceeds. The City will accept, hold, and disburse Excess Bond Proceeds transferred to the City by the Successor Agency under this Agreement, including current Excess Bond Proceeds and future Excess Bond Proceeds. The City will retain any Excess Bond Proceeds that it receives, such as revenue generated from properties acquired or improved with Excess Bond Proceeds or payments on loans funded from Excess Bond Proceeds, without any obligation to return such funds to the Successor Agency, and will use such funds for uses consistent with applicable bond covenants.

3.2. Bond Spending Plan. The City may spend Excess Bond Proceeds received or retained under this Agreement on any project, program, or activity consistent with the original bond covenants and applicable provisions of the CRL, and must comply with all requirements of

federal tax law as to the use of such funds. The City intends to spend the Excess Bond Proceeds on maintenance and upgrades, including on the following projects identified in the original bond covenants:

- Meadowlark Lane Improvements #8448
- Town Square Improvements
- Madison-MHSR to Guava
- Meadowlark Lane-Baxter to Keller
- I-215 & Clinton Keith Interchange
- I-215 & Keller Interchange
- I-15 & MHSR Loop ramp
- Whitewood Extension / Roundabout
- Madison-Guava to Elm

The City is solely responsible for ensuring that Excess Bond Proceeds are maintained and spent in accordance with bond covenants and other applicable laws. The City may transfer funds between approved projects, programs, and activities, as long as the transfer is within a single project area if applicable bond covenants restrict such funds to a particular project area.

The City agrees to indemnify and defend the Successor Agency and its officers and agents against, and to hold the Successor Agency and its officers and agents harmless from, any claims, causes of action, or liabilities arising from the misuse of Excess Bond Proceeds by the City or the failure of the City to ensure that Excess Bond Proceeds are used in accordance with bond covenants, federal tax law, and the CRL.

The City assumes all responsibilities in relation to the administration of any projects or programs funded by Excess Bond Proceeds. The City assumes all contracts entered into by the Successor Agency or the former Agency related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by the Successor Agency relating to Enforceable Obligations. The City will perform its obligations hereunder, and under such assumed contracts, in accordance with the applicable provisions of federal, state and local laws, including the obligation to comply with environmental laws such as CEQA, and will timely complete the work required for each project.

4. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the transfer and use of Excess Bond Proceeds. This Agreement integrates all the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

5. No Third-Party Beneficiaries. This Agreement is intended solely for the benefit of the City and the Successor Agency. Notwithstanding any reference in this Agreement to persons or entities other than the City and the Successor Agency, there are no third-party beneficiaries under this Agreement.

6. Waivers and Amendments. All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

7. Severability. If any term, provisions, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions will continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding or unenforceability. In addition, the parties will cooperate in good faith to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

8. Default. If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the non-defaulting party, the party failing to perform will be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract, including without limitation the right to sue for damages for breach of contract or to seek specific performance. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and will not limit the non-defaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the non-defaulting party against the defaulting party.

9. Binding On Successors. This Agreement is binding on and inures to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

10. Further Assurances. Each party agrees to execute, acknowledge, and deliver all additional documents and instruments, and to take such other actions as may be reasonably necessary to carry out the intent of this Agreement.

11. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of California.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

“CITY”

CITY OF MURRIETA,
a municipal corporation

By: _____
Kim Summers, City Manager

ATTEST:

By: _____
Stephanie Smith, City Clerk

APPROVED AS TO FORM:

By: _____
Leslie Devaney, City Attorney

“SUCCESSOR AGENCY”

SUCCESSOR AGENCY TO THE MURRIETA REDEVELOPMENT AGENCY, successor agency to the Murrieta Redevelopment Agency under Health and Safety Code Section 34173

By: _____
Kim Summers, Director

ATTEST:

By: _____
Stephanie Smith, Successor Agency Clerk

APPROVED AS TO FORM:

By: _____
Leslie Devaney, Agency Counsel