

STOCKTON SUCCESSOR AGENCY OVERSIGHT BOARD

**RESOLUTION OF THE STOCKTON SUCCESSOR AGENCY OVERSIGHT BOARD
APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND
APPROVING CERTAIN RELATED ACTIONS**

The Stockton Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Stockton ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

The City of Stockton City Council ("City Council") has adopted redevelopment plans for City's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

The Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

AB 1X 26 ("AB 26") and AB 1X 27 ("AB 27") were signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing –[with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.*, Case No. S194861) alleging that AB 26 and AB 27 were unconstitutional; and

On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case largely upholding as constitutional AB 26, invalidating as unconstitutional AB 27, and holding that AB 26 may be severed from AB 27 and enforced independently; and

The Supreme Court generally reformed and revised the effective dates and deadlines for performance of obligations under Health and Safety Code Part 1.85 of AB 26 arising before May 1, 2012, to take effect four months later, while leaving the effective dates or deadlines for performance of obligations under Health and Safety Code Part 1.8 of AB 26 unchanged; and

As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies pursuant to Health and Safety Code section 34173, and successor agencies are tasked with paying,

performing, and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

The City Council adopted Resolution No. 11-0251 on August 23, 2011, pursuant to Part 1.85, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

According to Health and Safety Code Section 34177(l)(1) of AB 26, a Recognized Obligation Payment Schedule ("ROPS") must be prepared before each six month fiscal period; and

For each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, and (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provision of Part 1.85 of AB 26; and

Pursuant to Health and Safety Code section 34177(l)(2)(A) of AB 26, the Successor Agency adopted its first Recognized Obligation Payment Schedule ("ROPS") on February 28, 2012, by Resolution No. SRD-2012-02-28-1501, and the adopted ROPS was submitted to the Controller's Office and the Department of Finance by April 15, 2012; and

The Stockton Successor Agency Oversight Board ("Oversight Board"), on April 24, 2012, by Resolution No. OB-2012-04-24-01 approved the initial ROPS; and

Pursuant to AB 26, the approved ROPS was forwarded to the State Controller, Department of Finance, County Auditor Controller, and posted on the Successor Agency's website; and

Pursuant to Health and Safety Code section 34177(l)(2)(A) of AB 26, the Successor Agency adopted a ("ROPS") on May 8, 2012, by Resolution No. SRD-2012-05-08-1503 for the period of July 1 through December 31, 2012; and

The ROPS must now be approved by the Oversight Board and forwarded in accordance with AB 26.

Pursuant to Health and Safety Code section 34177(a)(3), commencing on May 1, 2012, only payments listed in the ROPS may be made by the Successor Agency from the funds specified in the ROPS and, commencing May 1, 2012, the ROPS shall supersede the Statement of Indebtedness of the Redevelopment Agency; and

It is the intent of AB 26 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by amount and source and, subsequent to the audit and approval of the ROPS as specified in AB 26; and

In accordance with Health and Safety Code Section 34182(c)(3), the County Auditor-Controller will provide property tax revenue estimates prior to each six-month fiscal period; and

In accordance with Health and Safety Code Section 34183(b) and (c), the Successor Agency must report to the County Auditor Controller if funds are insufficient to cover payments listed on the ROPS. If such notice is provided, the County Treasurer may loan any funds from the County treasury that are necessary to ensure prompt payments of redevelopment agency debts; and

The Successor Agency's resolution and adopted ROPS, which is consistent with the requirements of the Health and Safety Code and other applicable law, is attached to this Resolution as Exhibit "1"; and

This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

This Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

All of the prerequisites with respect to the approval of this Resolution have been met; now, therefore,

BE IT RESOLVED BY THE STOCKTON OVERSIGHT BOARD, AS FOLLOWS:

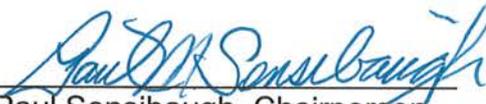
1. The foregoing recitals are true and correct and are a substantive part of this Resolution and all prerequisites to its adoption have occurred.
2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB 26 through administrative or judicial proceedings.
3. The Oversight Board hereby approves the ROPS, attached hereto as Exhibit 1 and incorporated herein by this reference, to preserve the Successor Agency's rights to make payments as authorized under Section 34177(l)(1).
4. The Executive Director, or designee, of the Successor Agency, is hereby authorized and directed to submit the approved ROPS to State of California Department of Finance, State Controller, and San Joaquin County Auditor-Controller.
5. The Successor Agency determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a

direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

6. This Resolution shall take effect three business days following the date of its adoption.

7. The Executive Director, or designee of the Successor Agency, is hereby authorized to take such actions as are necessary and appropriate to comply with Section 34177 and the purposes and intent of this Resolution.

PASSED, APPROVED, and ADOPTED May 9, 2012.


Paul Sensibaugh, Chairperson
of the Stockton Successor Agency
Oversight Board

ATTEST:


Bonnie Paige, Secretary
of the Stockton Successor Agency
Oversight Board

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EXHIBIT 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
PER AB 1X 26 - SECTION 34177 (l)(2)(A)

City of Stockton, Successor Agency to the Stockton Redevelopment Agency
Name of former Redevelopment Agency: Stockton Redevelopment Agency
Project Area(s): ALL

No.	Project Name / Debt Obligation	Payee	Description	Source of Payment	Maturity	Outstanding	JULY - DECEMBER FISCAL PERIOD						July - Dec 2012 payments	JANUARY - JUNE FISCAL PERIOD						Jan - June 2013 payments	Fiscal Year 2012/13 Total					
							Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13							
Bonds																										
1	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2003 Housing COP	Property Taxes	2033	21,605,603			671,372					671,372					318,798				318,798	990,170		
2	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2006 Series C - Revenue Bond	Property Taxes	2037	50,497,406			1,301,982					1,301,982					812,376				812,376	2,114,358		
3	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series A - Revenue Bond	Property Taxes	2037	94,322,731			1,659,256					1,659,256					1,341,506				1,341,506	3,000,762		
4	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series B - Revenue Bond	Property Taxes	2013	2,465,862			1,426,082					1,426,082					29,890				29,890	1,455,972		
5	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2004 Revenue Bond - Arena	Property Taxes	2036	82,317,206			1,516,114					1,516,114					1,054,573				1,054,573	2,570,687		
Total						251,208,808			6,574,806					6,574,806					3,557,143				3,557,143	10,131,949		
June payment to cover fall debt service, due to uneven spring/fall payments.																										
Loans																										
6	State Debt	State Department of Boating and Waterways	DBAW Marina Construction Loan	Property Taxes	2040	19,856,296			684,701					684,701										684,701		
7	State Debt	State Department of Boating and Waterways	DBAW Planning Loan	Property Taxes	2012	34,976			34,976					34,976										34,976		
8	Fee Deferral	Public Facility Fees	Development Impact fees for 612 Carlton Ave	Property Taxes	2058	143,954			35,989					35,989										35,989		
9	Fee Deferral - WorkNet Office Bldg	Public Facility Fees	Development Impact fees for Worknet Office Building	Property Taxes	2059	196,950			49,238					49,238										49,238		
10	Fee Deferral - Cineplex	Public Facility Fees	Development Impact fees for Cineplex project	Property Taxes	2012	12,937			12,937					12,937										12,937		
Total						20,245,113			98,164	719,677				817,841										817,841		
*Projected payments - four equal annual installments																										
Settlements and/or Judgements																										
11	Agency Vs. Union Oil	Brown & Winters and/or Union Oil	Union Oil Dispute Re: Ground Water Contamination	Property Taxes		2,000,000								2,000,000										2,000,000		
12	Price Vs. City of Stockton	California Rural Legal Assistance	Tenant relocation assistance \$1,455,000; \$460,652 expended, remaining obligation \$994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (est cost \$4M). *Subject to final determination by the parties.	Property Taxes		4,994,348								2,000,000								2,000,000	2,000,000	4,000,000		
Total						6,994,348								4,000,000								2,000,000	2,000,000	6,000,000		
Active Litigation																										
13	Civic Partners	Freeman, D'Aiuto, Pierce, Gurev, Keeling & V	Developer Claims RDA Breached Contract (Legal defense costs)	Property Taxes		3,000,000			30,000	30,000	30,000	30,000	30,000	30,000	180,000			30,000	30,000	30,000	30,000	30,000	30,000	180,000	360,000	
14	Agency vs. BNSF	Brown & Winters	Contamination at Worknet Site & Southpointe (Litigation expenses)	Property Taxes		826,063			76,063	8,261	8,261	8,261	8,261	8,261	117,368			8,261	8,261	8,261	8,261	8,261	8,261	49,566	166,934	
15	Agency vs. State (Caltrans)	Brown & Winters	Coincides with BNSF case, Caltrans is a former owner (Litigation expenses)	Property Taxes		250,000			2,500	2,500	2,500	2,500	2,500	2,500	15,000			2,500	5,000	5,000	5,000	5,000	5,000	27,500	42,500	
16	Agency vs. Colberg	Brown & Winters	Polanco Act corrective action trial (Litigation expenses)	Property Taxes		2,000,000			20,000	20,000	20,000	20,000	20,000	20,000	120,000			20,000	40,000	40,000	40,000	40,000	40,000	220,000	340,000	
Total						6,076,063			128,563	60,761	60,761	60,761	60,761	60,761	432,368			60,761	83,261	83,261	83,261	83,261	83,261	477,066	909,434	
*Total outstanding is an estimate, and may not include future settlement/judgement amount. Monthly costs are projected at 1% of the total outstanding obligation.																										
Project Expenses																										
17	AT&T Datacomm	AT&T Datacomm	Contract for installation of Security Cameras	Bond Proceeds / Prop Tax		377,644			62,941	62,941	62,941	62,941	62,941	62,941	377,646										377,646	
18	Vintage	Visionary Home Builders	Housing Loan	Property Taxes		210,484								210,484	210,484										210,484	
19	Community of All Nations	Visionary Home Builders	Housing Loan	Bond Proceeds		102,867			2,867					2,867									100,000	100,000	102,867	
21	Wallace Kuhl & Associates	Wallace Kuhl & Associates	South Shore	Property Taxes		30,259			30,259					30,259											30,259	
22	Condor Earth Technologies	Condor Earth Technologies	Marina Water Quality Testing	Property Taxes		874			874					874											874	
24	Treadwell and Rollo Inc	Treadwell and Rollo Inc	Parcel 2A & 24 Remediation	Property Taxes		12,055			12,055					12,055											12,055	
25	Wallace Kuhl & Associates	Wallace Kuhl & Associates	Removal Action Plan for Promenade & South Pointe	Property Taxes		104,956			17,493	17,493	17,493	17,493	17,493	17,493	104,958										104,958	
27	D R Jolley Co	D R Jolley Co	McKinley Park caretaker Building Asbestos Removal	Bond Proceeds		5,630			5,630					5,630											5,630	
29	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Bond Proceeds		30,840			30,840					30,840											30,840	
30	Kjeldsen Sinnock & Neudeck Inc	Kjeldsen Sinnock & Neudeck Inc	Airport Way Streetscape Phase 3	Bond Proceeds		25,939			25,939					25,939											25,939	
31	Airport Way Streetscape Phase 3	City of Stockton	Airport Way Streetscape Phase 3. Proj mgmt/construction contingency	Bond Proceeds		151,377			25,230	25,230	25,230	25,230	25,230	25,227	151,377										151,377	
32	Hotel Stockton	Hotel Stockton Investors	Renovation of Hotel Stockton - for affordable housing	Property Taxes		69,426			69,426					69,426											69,426	
33	Remediation of Areas 24 and 4	City of Stockton	Remediation of lots north and south of Worknet site	Property Taxes		500,000			41,667	41,667	41,667	41,667	41,667	41,667	250,002			41,667	41,667	41,667	41,667	41,667	41,663	249,998	500,000	
Total						1,622,351			325,221	147,331	147,331	147,331	147,331	357,812	1,272,357			41,667	41,667	41,667	41,667	41,667	141,663	349,998	1,622,355	
Assessments																										
34	Downtown Stockton Alliance	Downtown Stockton Alliance	DSA Assessment of RDA owned properties	Property Taxes	2016	200,000																	50,000	50,000		
Total						200,000																	50,000	50,000		
*Assumes properties will be sold no later than 2016																										
Administrative Costs																										
35	Agency Staff & Overhead	Agency Employees through City of Stockton	Existing salary, benefits, and overhead for Agency administration - Property maintenance & management	Administrative Cost Allowance		250,000			20,833	20,833	20,833	20,833	20,833	20,833	124,998			20,833	20,833	20,833	20,833	20,833	20,833	20,833	124,998	249,996
Total						250,000			20,833	20,833	20,833	20,833	20,833	20,833	124,998			20,833	20,833	20,833	20,833	20,833	20,833	124,998	249,996	
Total Enforceable Obligations						286,596,683			572,781	948,602	6,803,731	228,925	228,925	4,439,406	43,222,370			123,261	145,761	3,752,904	145,761	145,761	2,245,757	6,559,205	19,781,576	
						266,740,387				263,901				12,537,669										19,096,874		