

RESOLUTION NO. 11-2012
Adopted August 28, 2012

RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2013 TO JUNE 30, 2013.

- WHEREAS, Under Assembly Bill No. X1 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, the Redevelopment Agency of the City and County of San Francisco (the "SFRA"), together with all other redevelopment agencies in the State of California, dissolved by operation of law on February 1, 2012; and,
- WHEREAS, In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State's budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("AB 1484"), and the Governor signed that bill on June 27, 2012. Hereinafter, AB 26, as amended by AB 1484, and as further amended from time to time, is referred to as the "Redevelopment Dissolution Law" or the "Law;" and,
- WHEREAS, The Redevelopment Dissolution Law places successor agencies' performance of their duties under the Law under the supervision of newly established oversight boards, which are different from the local legislative bodies and which will oversee the fiscal management of future successor agency activities regarding the enforceable obligations. In performing their functions required under the Redevelopment Dissolution Law, the oversight boards owe fiduciary responsibilities to the holders of enforceable obligations and the taxing entities entitled to the distribution of property tax revenues under the Law. Some actions by the oversight boards and successor agencies are also subject to discretionary review by the State Department of Finance and the State Controller under the Redevelopment Dissolution Law; and,
- WHEREAS, The Mayor (with confirmation by the Board of Supervisors) and the taxing entities have appointed members to the oversight board of the City and County of San Francisco (the "Oversight Board"), which has taken various actions that have become effective because the Department of Finance has not objected within the review period under Section 34179 (h) of the Health and Safety Code; and,
- WHEREAS, The Redevelopment Dissolution Law requires successor agencies to create Recognized Obligation Payment Schedules ("ROPS") for each six-month period (January-June, July-December), beginning January 1, 2012. Each ROPS must state the minimum payment amounts and due dates for payments required by enforceable obligations for each six-month fiscal period. Only those payments listed on the ROPS may be made by the successor agency from funds specified in the ROPS; and,

WHEREAS, The Redevelopment Dissolution Law defines an "enforceable obligation" as meaning any of the following: (a) bonds, including debt service, reserve set-asides and related required payments; (b) loans of money borrowed by the former SFRA, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan term; (c) payments required by the Federal government; obligations to the State or imposed by State law (other than regular pass-through payments), and legally enforceable payments related to Agency employee obligations (including pension system payments or other obligations of a collective bargaining agreement); (d) legal judgments and settlements (other than pass-through payments); (e) legally binding and enforceable agreements and contracts, such as construction contracts, personal services contracts, owner participation agreements, and disposition and development agreements; (f) contracts and agreements necessary for the administration and operation of the successor agency, such as agreements to purchase or rent office space, equipment and supplies, and for carrying insurance; and (g) amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund, provided the repayment schedule is approved by the oversight board (Cal. Health & Safety Code §34171); and,

WHEREAS, For each recognized obligation, the Redevelopment Dissolution Law requires the ROPS to identify one or more of the following payment sources: (1) Low and Moderate Income Housing Fund; (2) bond proceeds; (3) reserve balances; (4) "administrative cost allowance;" (5) the Redevelopment Property Tax Trust Fund (created by the City Controller for property tax revenues (former increment)) when no other funding source is available or when payment from property tax revenues is required by an enforceable obligation; and (6) other revenue sources as approved by the oversight board (Cal. Health & Safety Code §34177(l)(1)); and,

WHEREAS, The Oversight Board by Resolution No. 5-2012 and the Department of Finance approved the ROPS for January 1, 2012 to June 30, 2012; and,

WHEREAS, The Oversight Board by Resolution No. 6-2012 and the Department of Finance approved the ROPS for July 1, 2012 to December 31, 2012; and,

WHEREAS, The Oversight Board by Resolution No. 10-2012 approved a First Amendment to the ROPS for July 1, 2012 to December 31, 2012 and DOF did not object to the amendment; and,

WHEREAS, AB 1484 set the deadline for submitting an Oversight Board approved ROPS for January 1, 2013 to June 30, 2013 as September 1, 2012, a Saturday; however, the Department of Finance has extended that deadline for submittal to September 4, 2012 so that the submission date will fall on the first business day following the September 1 deadline; and,

- WHEREAS, On August 1, 2012 the Department of Finance published a new format and reporting requirements for the ROPS for the period of January 1, 2013 to June 30, 2013; and,
- WHEREAS, The ROPS for the period January 1, 2013 to June 30, 2013 is attached to this resolution as Exhibit A, and fully incorporated in this resolution (the "January - June 2013 ROPS"); and,
- WHEREAS, Ongoing projects of the successor agency to the San Francisco Redevelopment Agency includes the implementation of three major approved development projects consistent with the integrated set of enforceable obligations governing them: (1) the Mission Bay North and the Mission Bay South Project Areas (collectively "Mission Bay"), (2) Phases One and Two of the Hunters Point Shipyard Project Area and Zone 1 of the Bayview Hunters Point Project Area (collectively, "Hunters Point Shipyard/Candlestick Point"), and (3) certain parts of the Transbay Transit Center Project Area, including Zone 1 ("Transbay"). (Mission Bay, Hunters Point Shipyard/Candlestick Point and Transbay are sometimes referred to in this resolution as the "Major Approved Development Projects."); and,
- WHEREAS, Narratives summarizing the Major Approved Development Projects and describing all of the enforceable obligations for each of the Major Approved Development Projects are attached to Oversight Board Resolution No. 5-2012 (adopted April 10, 2012) as Exhibit B, and fully incorporated in that resolution (the "Major Approved Development Projects Summaries"). The Oversight Board approved the Major Approved Development Projects Summaries by Resolution 5-2012; and,
- WHEREAS, As set forth in the Major Approved Development Project Summaries, the City's assumption of the former SFRA's enforceable obligations require the City to, among other things: (1) form community facilities districts (CFDs) to finance infrastructure and maintain parks and open space and to issue debt secured by the CFD special taxes to finance infrastructure; (2) pledge property tax revenues (former increment) and issue debt secured by those revenues to finance the construction of infrastructure and affordable housing; (3) consummate certain property transfers and public trust exchanges; (4) process land use approvals under the approved redevelopment plans and associated land use controls; and (5) not amend the existing redevelopment plans and associated land use controls without the prior consent of certain third party developers, all as more particularly described in the Major Approved Development Projects Summaries; and,
- WHEREAS, Consistent with AB 26, on January 24, 2012 the City's Board of Supervisors approved and on January 26, 2012 the Mayor signed Resolution No. 11-12 (the "Board of Supervisors Resolution"), authorizing the City to accept all rights and obligations of the SFRA relating to its affordable housing assets, including the long term affordability covenants restricting the sale, rental, or use of those housing assets for the benefit of low and moderate income households; and,
- WHEREAS, This Oversight Board has acknowledged, by Resolution No. 3-2012 (March 6, 2012), the transfer of affordable housing assets to the Mayor's Office of Housing, as the successor housing agency to the former SFRA, and acknowledged the role of the Oversight Board in reviewing and approving the use of property tax

revenues (former increment) that are necessary to comply with enforceable obligations related to affordable housing development; and,

WHEREAS, The January - June 2013 ROPS lists various affordable housing obligations that qualify as an “enforceable obligation” as described above and in the Redevelopment Dissolution Law, including legally binding and enforceable agreements; obligations imposed by state law; amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund, provided the repayment schedule is approved by the Oversight Board; and obligations imposed by bond covenants (Cal. Health & Safety Code §34171(d)(1)); and,

WHEREAS, A narrative describing the Long Term Affordable Housing Enforceable Obligations is attached to Oversight Board Resolution No. 5-2012 as Exhibit C, and fully incorporated in that resolution (the "Housing Obligations Summary"). The Oversight Board approved the Housing Obligations Summary by Resolution No. 5-2012; and,

WHEREAS, As described in the Housing Obligations Summary, the City's assumption of the former SFRA's enforceable obligations require the City to, among other things: (1) develop approximately 1140 affordable housing units in the Candlestick Point-Hunters Point Shipyard Phase 2 Project as part of a Disposition and Development Agreement (“DDA”) that is a legally binding and enforceable contract between SFRA and CP Development Co., LP executed in 2010 and that has a separate pledge of property tax revenue (formerly increment) to cover costs associated with the affordable housing development; (2) develop approximately 1445 affordable housing units in Mission Bay South and Mission Bay North Project Areas (of which 674 units have been constructed) as part of Owner Participation Agreements that are legally binding and enforceable contracts between SFRA and FOCIL-MB, LLC executed in 1998 and that have separate pledges of property tax revenue (formerly increment) to cover costs associated with the affordable housing development; (3) develop approximately 218 affordable housing units in the Hunters Point Shipyard Phase 1 Project as part of a Disposition and Development Agreement (“DDA”) that is a legally binding and enforceable contract between SFRA and HPS Developer executed in 2003; (4) develop thirty-five percent (35%) of all housing units in the Transbay Project Area as affordable housing units (estimated in the Report on the Redevelopment Plan to be 1183 affordable units) as an obligation that is imposed by state law under Section 5027.1 California Public Resources Code and that is required under the Transbay Redevelopment Project Implementation Agreement, a legally binding and enforceable contract between SFRA and the Transbay Joint Powers Authority executed in 2006; and (5) develop approximately 6700 affordable housing units (of which 900 units have been constructed) to replace affordable housing units that the SFRA previously destroyed and did not replace as part of an obligation imposed by state law under Sections 33413 (a), 33333.8 and 33333.7 of the California Health and Safety Codes; and,

WHEREAS, All of the property tax revenues (formerly increment) necessary to fulfill the activities described in the Housing Obligations Summary are amounts owed to the Low and Moderate Income Housing Fund of the SFRA and deferred as of the effective date of AB 26 (June 29, 2011) and therefore subject to approval of the Oversight Board; and,

WHEREAS, The City Controller and successor agency staff, in coordination with the City Attorney's Office, have reviewed the January - June 2013 ROPS and all

appropriate supporting documentation to validate that the items listed in the January - June 2013 ROPS constitute enforceable obligations and Exhibit A meets the requirements for a valid ROPS under the Redevelopment Dissolution Law; and,

WHEREAS, Having determined the validity of the January – June 2013 ROPS, the successor agency staff and the City Controller, having consulted with the City Attorney’s Office, recommend that the Oversight Board approve the January – June 2013 ROPS and authorize its submission to the State Controller and Department of Finance in accordance with AB 1484; now, therefore, be it

RESOLVED, That this Oversight Board approves the January – June 2013 ROPS, including the line items for the Major Approved Development Projects and the Long Term Affordable Housing Enforceable Obligations, for the period January – June 2013 inclusive, and directs the Executive Director or her designee to submit the ROPS to the City Controller, Department of Finance, and State Controller, post the January – June 2013 ROPS on the internet website of the Successor Agency, and to take any other actions necessary or appropriate to comply with the Redevelopment Dissolution Law’s requirements relating to the ROPS; and, be it, further

RESOLVED, That this Oversight Board authorizes City officials to take such actions as may be necessary or appropriate, in consultation with the City Attorney, to effectuate the purpose and intent of this resolution and to comply with the Redevelopment Dissolution Law, and ratifies and confirms any prior actions taken by City officials consistent with this resolution.

- Exhibit A:
- January – June 2013 ROPS
 - A-1: Contact Information
 - A-2: Summary
 - A-3: Recognized Obligation Payment Schedule
 - A-4: Notes
 - A-5: Prior Period Payments
 - A-6: Unspent Bond Proceeds - Non-Housing
 - A-7: Unspent Bond Proceeds - Housing



Board Secretary