



Planning/Housing/RDA Divisions • 822-4700
Building Division • 822-4629
Code Enforcement • 822-4703
Fax • 822-4694

May 21, 2012

Mr. Jimmy Le
Department Of Finance
915 L Street
Sacramento, CA 95814

Subject: Revisions to the *Recognized Obligation Payment Schedules* for the Yuba City Successor Agency.

Dear Mr. Le,

Per our discussion this morning, it is my understanding that the Department Of Finance (DOF) is requesting minor revisions to both *Recognized Obligation Payment Schedules* (ROPS) for the Yuba City Successor Agency. This includes revisions to both the Jan-Jun 2012 schedule and the Jul-Dec 2012 schedule to address the timing of debt service payments. As we discussed, Yuba City had purposefully funded the September debt service payments in the month of June due to a negative cash flow during the Jul-Dec ROPS period. As a compromise to this first approach and to address your concerns, I have modified the Jan-Jun ROPS to eliminate the September debt service payments from the month of June and included those payments on the Jul-Dec ROPS as you had requested. However, I also added a "Debt Service Reserve" line item (item 7B) on the Jan-Jun ROPS to address the cash-flow issue and to ensure that any surplus funds for this period are not reallocated to other agencies.

If we do not reserve funds from the Jan-Jun ROPS period to be used for debt service obligations in September, Yuba City will not have enough funds to meet our debt service. The Bond Indenture requires that these funds be held for debt service during the bond year until such time as there is sufficient revenue to meet debt service. The inclusion of the "Debt Service Reserve" line item will achieve this result.

As for your direction to eliminate line item 7 (City-Agency Loan) from both ROPS, Yuba City respectfully disagrees with DOF's determination that this item that it is not an enforceable obligation and therefore considers this a "disputed" item that will remain on the ROPS document. According to the attached correspondence from Mr. Chris Hill, Principal Program Budget Analyst for the DOF, where an Agency submits a ROPS with multiple acceptable items and some objectionable items, the DOF will notify the County Auditor-Controller to pay those items to which the DOF had no objection. The DOF's "intention is to ensure payment of valid enforceable obligations is not delayed". Based on this correspondence, Yuba City is respectfully submitting the revised ROPS with line item 7 remaining on the list, but with the modified payment schedules (as requested).

I hope that this information addresses your concerns with Yuba City's ROPS documents. Please contact me at (530) 822-3231 with any questions you may have regarding this matter. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aaron Busch', written in a cursive style.

Aaron Busch
Community Development Director

cc: Steven Jepsen, City Manager
Yuba City Oversight Board

RECOGNIZED OBLIGATION PAYMENT SCHEDULE - DRAFT

Per AB 26 - Section 34169 (h)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Funding Source	Payments by month						Total
						Jan	Feb	Mar	Apr	May	Jun	
Debt Obligations:												
1) 2004 TA Bonds - Series A	Union Bank	Bonds issued to fund non-housing projects	32,486,778.00	1,098,562.50	Red Prop Tax	431,781.25						\$ 431,781.25
2) 2004 TA Bonds - Series B (Housing)	Union Bank	Bonds issued to fund housing projects	31,580,406.00	1,051,005.00	Red Prop Tax	119,101.88						\$ 119,101.88
3) 2007 TA Bonds	Union Bank	Bonds issued to fund non-housing projects	9,934,532.00	379,534.00	Red Prop Tax	400,502.50						\$ 400,502.50
4) City Reimbursement-Quacie Park	Union Bank	Loan for Public Improvement Project	1,347,319.00	51,958.00	Red Prop Tax	12,608.00						\$ 12,608.00
5) California Infrastructure-Quacie Park	Wells Fargo Bank	Loan for Infrastructure Project	1,626,817.00	1,020,521.00	Red Prop Tax							\$ 0
6) SERPA - Housing Fund Borrowing	City of Yuba City	Payment to State per AB26	22,874,314.00	547,856.00	Red Prop Tax							\$ 547,856
7) City-Agency Loan	City of Yuba City	Repayment of expenses paid by City	547,856.00		Red Prop Tax							\$ 0
8) Debt Service Reserve	Successor Agency	Debt Service Reserve for Fall Debt Service										\$ 547,856
Administrative Obligations												
8) Employee Costs	Employees of Agency	Payroll for Employees	63,570.00	63,570.00	Admin	5,297.50	5,297.50	5,297.50	5,297.50	5,297.50	5,297.50	\$ 31,785.00
9) Other Agency Admin Costs	City of Yuba City	Administrative Costs	47,200.00	47,200.00	Admin	3,933.33	3,933.33	3,933.33	3,933.33	3,933.33	3,933.33	\$ 23,600.00
10) Professional Services	Per Contract	Audit, Legal and Redevelopment Consultants	75,000.00	75,000.00	Admin	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	6,250.00	\$ 37,500.00
Contractual Obligations												
11) 442 B Street	AMEC Geomatrix	Quantity and Characterize Site	11,698.28	11,698.28	Red Prop Tax					5,849.14	5,849.14	\$ 11,698.28
12) 443 B Street	Test America	Quantity and Characterize Site	34,325.00	34,325.00	Red Prop Tax					17,162.50	17,162.50	\$ 34,325.00
13) 400 Bridge Street	AMEC Geomatrix	Remedial Planning and Design	118,057.90	118,057.90	Red Prop Tax					39,352.63	39,352.63	\$ 118,057.90
14) HWY 99/210 Gateway Enhancement	Cummins Engineering	Public Improvement Project - Landscaping	60,000.00	24,250.00	Red Prop Tax							\$ 24,250.00
15) HWY 99/210 Gateway Enhancement	Cummins Engineering	Public Improvement Project - Landscaping	60,000.00	24,250.00	Red Prop Tax							\$ 24,250.00
16) 425 Franklin	Della Oilfield Services	Excavation of Contaminated Soil	28,520.72	28,520.72	Red Prop Tax		28,520.72					\$ 28,520.72
17) 425 Franklin	Test America	Excavation of Contaminated Soil	319,000.00	103,000.00	Red Prop Tax	3,000.00	5,000.00	20,000.00	40,000.00	10,000.00	25,000.00	\$ 103,000.00
18) Huckins Facade Grant	Huckins Trust	Facade Grant for exterior building renovation	75,000.00	75,000.00	Red Prop Tax				75,000.00			\$ 75,000.00
19) Sutter Theater Facade Grant	SPAA	Facade Grant for exterior building renovation	20,000.00	20,000.00	Red Prop Tax					20,000.00		\$ 20,000.00
20) 400 Bridge Street*		Excavation of Contaminated Soil	1,400,000.00		Red Prop Tax							\$ -
21) 442 B Street**		Excavation of Contaminated Soil	900,000.00		Red Prop Tax							\$ -
Totals - This Page			\$103,574,642.90	\$5,113,262.16		\$982,474.46	\$ 49,001.55	\$ 35,480.83	\$169,833.46	\$107,846.10	\$ 650,701.13	\$1,996,336.53

* Contingent liability. Estimated costs required to excavate and clean-up site.
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OTHER OBLIGATION PAYMENT SCHEDULE - DRAFT
 Per AB 26 - Section 34169 (h)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month							Total	
					Jul	Aug	Sep	Oct	Nov	Dec			
1) Section 33676 Payments	Yuba City Unified	Payments per former CRL 33676	16,222,327.00	280,193.00									\$ -
2) Section 33676 Payments	Sutter Cemetery Dist	Payments per former CRL 33676	413,018.00	7,134.00									\$ -
3) Section 33676 Payments	City of Yuba City	Payments per former CRL 33676	12,001,326.00	207,288.00									\$ -
4) Pass Through Agreement	Sutter County & Water	Payments per former CRL 33401	27,570,091.00	672,426.00									\$ -
5) Pass Through Agreement	Gleizer Drainage	Payments per former CRL 33401	2,032,578.00	49,574.00									\$ -
6) Low-Mod Housing Fund	City Housing fund	Payments per CRL 33334.2	34,744,916.00	686,090.00									\$ -
7) Statutory Payments	Yuba City Unified	Payments per CRL 33607.5 and .7	13,607,473.00										\$ -
8) Statutory Payments	Sutter Cemetery	Payments per CRL 33607.5 and .7	346,444.00										\$ -
9) Statutory Payments	Sutter Yuba MAD	Payments per CRL 33607.5 and .7	863,806.00										\$ -
10) Statutory Payments	Yuba City	Payments per CRL 33607.5 and .7	6,866,427.00										\$ -
11) Statutory Payments	Education	Payments per CRL 33607.5 and .7	157,607.00										\$ -
12) Statutory Payments	Yuba City College	Payments per CRL 33607.5 and .7	2,702,660.00										\$ -
13) Statutory Payments	Special Schools	Payments per CRL 33607.5 and .7	360,538.00										\$ -
14) Statutory Payments	CSA "C"	Payments per CRL 33607.5 and .7	70,655.00										\$ -
15) Statutory Payments	Levee #9	Payments per CRL 33607.5 and .7	151.00										\$ -
16) Sutter County Tax Admin Fee	Sutter County	Administrative Fees Charged	135,347.00	135,347.00									\$ -
17)													\$ -
18)													\$ -
19)													\$ -
20)													\$ -
21)													\$ -
22)													\$ -
23)													\$ -
24)													\$ -
25)													\$ -
26)													\$ -
27)													\$ -
28)													\$ -
29)													\$ -
30)													\$ -
Totals - This Page			\$ 118,095,364.00	\$ 2,038,052.00	\$ -	\$ -	\$ -	#####	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Enforceable Obligations Page 2			\$ 102,551,935.00	\$ 4,193,554.26	\$ 15,480.83	\$ 15,480.83	#####	\$ 15,480.83	\$ 192,095.10	\$ 25,480.85	\$ 2,033,154.63	\$ -	\$ -
Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 5			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Administrative Budget			\$ 185,770.00	\$ 185,770.00	\$ -	\$ -	#####	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 220,833,069.00	\$ 6,417,376.26	\$ 15,480.83	\$ 15,480.83	#####	\$ 15,480.83	\$ 192,095.10	\$ 25,480.85	\$ 2,033,154.63	\$ -	\$ -

Aaron Busch

From: Marty Coren <mcoren@hdlccpropertytax.com>
Sent: Wednesday, May 16, 2012 4:21 PM
To: Alexa Smittle; Amy DeVaudreuil; bihrke@rutan.com; billm@diehlevans.com; Bob Gamble (gambler@pfm.com); bquint@qtlp.com; Celeste Stahl Brady (csbrady@sycr.com); Cheryl Murase; clondo@ci.walnut.ca.us; Dave Schey; David Mealy; david@emanuelsjones.com; dcavier@shra.org; dfraser@surewest.net; dhadland@charter.net; Diane Hadland; Don Johnson (djohnson@kbblaw.com); dparker@rdarptsol.com; Ethan Walsh (ethan.walsh@bbklaw.com); Gerald J. Ramiza (jramiza@bwslaw.com); Goldberg, Leah; gsoohoo@keysermarston.com; Helen Lee (helenlee@seifel.com); Jack T. Nagle; John Knox (jknox@orrick.com); Karen M. Tiedemann; Kohki Shiga; krosenow@webrsg.com; kyeager@sycr.com; leesq@cityofbrea.net; libby@seifel.com; marie munson; Mark Northcross; mhuebsch@sycr.com; Murray Kane (E-mail); Rafael Yaquian-Ilescas (ryaquian@goldfarbblipman.com); Robin D. Harris; Sara Brown (sbrown@syllc.com); shay fitzpatrick; ssmith@csgadvisors.com; Steve Helvey; Steve Melikian (smelikian@joneshall.com); Sue Block (sblock@meyersnave.com); Susan Cola; T. Brent Hawkins (brent.hawkins@bbklaw.com); Tom Clark (tclark@sycr.com); Tom Hart; van Muyden, Gillian <GVanMuyden@ci.glendale.ca.us> (GVanMuyden@ci.glendale.ca.us)
Cc: James R. Cervantes (jcervantes@syllc.com)
Subject: FW: Guidance on June 1 Payments

Here is the latest from Dof, thanks to Jim Cervantes

From: Cervantes, James R (Public Finance) [mailto:jcervantes@syllc.com]
Sent: Wednesday, May 16, 2012 4:17 PM
To: Scott Smith; Marty Coren; Elizabeth Seifel
Subject: FW: Guidance on June 1 Payments

Pretty quick response back from DOF....and the answer I had expected/hoped for.

From: Hill, Chris [mailto:Chris.Hill@dof.ca.gov]
Sent: Wednesday, May 16, 2012 3:48 PM
To: Cervantes, James R (Public Finance)
Cc: Hill, Mark
Subject: RE: Guidance on June 1 Payments

In a scenario such as you describe, where Finance has reviewed a ROPS with 12 items and has objections to three items, we would notify the county auditor-controller that the nine items to which we have no objection should be paid. Our intention is to ensure payment of valid enforceable obligations is not delayed.

Generally speaking, debt service payments for redevelopment bonds would not be disputed items in and of themselves. It is possible, however, that Finance could object to the funding source that a successor agency proposes to use to pay that debt service. For example, if the successor agency has significant rents or other revenues from a property, but proposes to pay the bond debt for the associated property only with property tax revenue, we may object on the grounds that the revenues should be used for those payments, and that property tax should only be drawn upon for the payments to the extent that the revenues are insufficient.

From: Cervantes, James R (Public Finance) [mailto:jcervantes@syllc.com]
Sent: Wednesday, May 16, 2012 2:48 PM

To: Hill, Chris
Subject: RE: Guidance on June 1 Payments
Importance: High

Dear Chris,

Your email regarding the June 1 payments has made the rounds and I'm writing to clarify an item with you. Stone & Youngberg is an active underwriter of bonds in California and our investors take great interest in payment status of outstanding redevelopment bonds. Anna Matosantos was at the Ferry Building today for our annual institutional investor conference this morning and she fielded a question regarding the payments on the ROPS. Here's the follow up question that didn't get asked:

>In the case where DOF disputes items on the ROPS, would a letter of approval be issued to the appropriate county auditor-controller for the "cleared items" or would agreement be needed with the Successor Agency on the status of the entire ROPS before payment is approved? This would relate to a ROPS with, say, a dozen items where DOF signs off nine and disagrees with the remaining three. In that case, would a letter of approval be issued for the nine approved items?

My sense from the March 2, 2012 DOF letter is that DOF wouldn't hold up the payment on cleared items while other contested components of the ROPS remain outstanding. Further, we would assume that redevelopment bonds wouldn't represent disputed items. It would be helpful to clarify this as the owners of redevelopment bonds are asking a lot of questions at this point.

I appreciate your consideration of this question.

Best,

Jim Cervantes

Jim Cervantes
Managing Director
Stone & Youngberg
One Ferry Building, Suite 275
San Francisco, CA 94111

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415-254-2395 (cell)

