

**REGULAR MEETING OF THE
OVERSIGHT BOARD
For the Successor Agency to the former
Redevelopment Agency of the City of Redlands**

Members of the Board:

Paul Foster, Chairperson, appointed by the Mayor of the City of Redlands
Oscar Orci, Vice Chairperson, appointed by the Mayor, representing former redevelopment agency employees
Donna Ferracone, appointed by Chancellor of California Community Colleges
Gary McBride, appointed by County Board of Supervisors, representing the public
Ken Morse, appointed by County Superintendent of Education
Cindy Saks, appointed by County Flood Control District
David Wert, appointed by County Board of Supervisors

A G E N D A

The regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands is at the date and time noted below in the City Council Chambers, Civic Center, 35 Cajon Street, Redlands, California, on:

**THURSDAY, AUGUST 18, 2016
4:00 P.M.**

Anyone desiring to speak at this meeting is encouraged, but not required, to turn in a "Speaker Sign-up Sheet." Forms are available prior to the meeting date in the Development Services Department, 35 Cajon Street, Suite 20 or in the City Council Chambers during the meeting. Speakers are limited to three (3) minutes each. Speakers may not "donate" their time to others.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Jason Montgomery of Municipal Utilities & Engineering Department, 909-798-7584 x5. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

NOTE: Any writings or documents distributed to a majority of the Oversight Board regarding an open session agenda item less than 72 hours before this meeting are available for public inspection at the Development Services Department.

- I. **CALL TO ORDER AND PUBLIC COMMENT PERIOD - 3 MINUTES**
(At this time, the public has the opportunity to address the Oversight Board on any item of interest within the subject matter jurisdiction of the Oversight Board that does not appear on this agenda. The Oversight Board may not discuss or take any action on any public comment made, except that the Oversight Board members or Successor Agency staff may briefly respond to statements made or questions posed by members of the public)

II. CONSENT CALENDAR/APPROVAL OF MINUTES

- A. Consideration to adopt Resolution No. OB 2016-057; approval of the consent calendar for the August 18, 2016 Regular Meeting for the following matters:

- i. Minutes of the May 19, 2016 Regular Meeting

III. COMMUNICATIONS - None

IV. NEW BUSINESS

- A. Consideration of Resolution No. OB 2016-056 of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands approving an arbitrage rebate payment, and adopting an amendment to the Recognized Obligation Payment Schedule for Fiscal Year 2016-17.

V. OLD BUSINESS - None

VI. ADJOURNMENT

A handwritten signature in blue ink, appearing to read 'Robert D. Dalquest', with a long horizontal flourish extending to the right.

ROBERT D. DALQUEST, AICP
Assistant Development Services Director
Successor Agency Staff

RESOLUTION NO. OB 2016-057

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
APPROVING THE CONSENT CALENDAR FOR THE AUGUST 18, 2016
OVERSIGHT BOARD MEETING

WHEREAS, the Oversight Board to the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Oversight Board") has taken up for consideration the consent calendar for the August 18, 2016 meeting of the Oversight Board; and

WHEREAS, Section 34179(e) of the Health and Safety Code requires all actions by the Oversight Board to be taken by resolution;

NOW, THEREFORE, BE IT RESOLVED, BY the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands as follows:

Section 1. The Oversight Board hereby approves the consent calendar for the August 18, 2016 meeting of the Oversight Board which consists solely of the minutes for the Board's May 19, 2016 regular meeting.

Section 2. The Secretary for the Oversight Board shall certify to the adoption of this Resolution.

Section 3. Pursuant to California Health and Safety Code section 34179, all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

PASSED, APPROVED and ADOPTED at a regular meeting of the Oversight Board of the Successor Agency to the former Redevelopment Agency of the City of Redlands held this 18th day of August, 2016 by the following vote:

AYES:

NOES:

ABSENT:

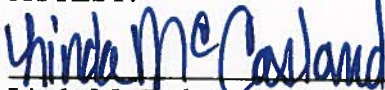
ABSTAIN:

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0



Paul W. Foster, Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:



Linda McCasland

Oversight Board Secretary

Minutes of the Regular meeting of the Oversight Board for the Successor Agency of the Former Redevelopment Agency of the City of Redlands held in the Council Chambers, 35 Cajon Street, on May 19, 2016 at 4:00 P.M.

PRESENT: Paul Foster, Chairman
Donna Ferracone, Board Member
Gary McBride, Board Member
Cindy Saks, Board Member

ABSENT: All Board Members were in attendance, with the exception of Vice Chairman Oscar Orci, Board Member Ken Morse, and Board Member David Wert who were excused.

STAFF: Tina Kundig, Finance Director
James Garland, Principal Accountant/Internal Auditor
Mike Nelson, Economic Development Manager

I. CALL TO ORDER AND PUBLIC COMMENT PERIOD - 3 MINUTES

(At this time, the public has the opportunity to address the Oversight Board on any item of interest within the subject matter jurisdiction of the Oversight Board that does not appear on this agenda. The Oversight Board may not discuss or take any action on any public comment made, except that the Oversight Board members or Successor Agency staff may briefly respond to statements made or questions posed by members of the public)

Chairman Paul Foster opened up the Public Comment Period. There were no comments forthcoming and the Public Comment Period was closed.

II. CONSENT CALENDAR/APPROVAL OF MINUTES

A. Consideration to adopt Resolution No. OB 2015-055; approval of the consent calendar for the May 19, 2016 Regular Meeting for the following matters:

i. Minutes of the January 21, 2015 Regular Meeting

Chairman Foster opened up the Consent Calendar. There were no comments forthcoming and the Consent Calendar was closed.

MOTION

It was moved by Board Member Donna Ferracone, seconded by Board Member Cindy Saks, and carried on a 4-0-3 vote (Vice Chairman Orci, Board Member Morse and Board Member Wert absent) that the Oversight Board approve Resolution No. OB 2015-055.

III. COMMUNICATIONS-None

IV. NEW BUSINESS

- A. Consideration of Resolution No. OB 2016-054 approving the conveyance of Assessor's Parcel Numbers (APNs) 0169-272-027, 0169-281-19, 0169-281-23 and 0170-191-39 to the City of Redlands.

Economic Development Manager Mike Nelson gave a brief overview and report on the conveyance of the APNs.

Chairman Foster opened up the Hearing. There were no comments forthcoming and the Hearing was closed.

It was moved by Board Member Gary McBride, seconded by Board Member Ferracone, and carried on a 4-0-3 (Vice Chairman Orci, Board Member Morse and Board Member Wert absent) that the Oversight Board approve Resolution No. OB 2015-054.

V. OLD BUSINESS-None

VI. ADJOURNMENT TO THE JUNE 16, 2016 OVERSIGHT BOARD MEETING

There being no further business to address, Chairman Foster adjourned the meeting at 4:05 p.m. to the regularly scheduled Oversight Board meeting of June 16, 2016.

REQUEST FOR OVERSIGHT BOARD ACTION

SUBJECT: CONSIDERATION OF RESOLUTION NO. OB 2016-056 OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CTY OF REDLANDS APPROVING PAYMENT OF AN ARBITRAGE REBATE PAYMENT, INTEREST AND PENALTY AS AN ENFORCEABLE OBLIGATION AND ADOPTING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR FISCAL YEAR 2016-17

MOTION:

"I move approval of Resolution No. OB 2016-056."

RECOMMENDATION:

The Successor Agency to the Redevelopment Agency of the City of Redlands is scheduled to consider the subject request at a special meeting on August 16, 2016. Staff will convey the Successor Agency's action to the Oversight Board at the meeting on August 18, 2016.

DISCUSSION:

The former Redevelopment Agency of the City of Redlands (the "Redevelopment Agency") issued several series of Tax Allocation Bonds in 1998, 2003 and 2007 secured by tax increment and low and moderate income housing revenues (collectively, the "Prior Bonds"). On March 16, 2016, the Successor Agency issued its Tax Allocation Refunding Bonds, Series 2016A and Taxable Tax Allocation Refunding Bonds, Series 2016B (collectively, the "2016 Bonds") to refund the outstanding Prior Bonds in their entirety.

In connection with the refunding of the Tax Allocation Refunding Bonds, Series 1998A (the "1998 Bonds") by the Redevelopment Agency of the City of Redlands for the Redlands Redevelopment Project, BLX Group, LLC calculated the final arbitrage rebate payment owed by the Successor Agency as required by the 1998 Indenture and the Internal Revenue Code. Following the refunding of the 1998 Bonds, BLX Group, LLC informed the Successor Agency that an arbitrage rebate payment was due to the Internal Revenue Service (the "Service") in the amount of \$316,344.21. The arbitrage rebate payment is the result of the redemption of an investment that earned more than the bond yield. The excess earnings are required to be rebated to the Service.

On April 27, 2016, when the Successor Agency was notified of the arbitrage rebate amount, the Dissolution Act prohibited the Successor Agency from making any

payments that were not previously included on a Recognized Obligation Payment Schedule ("ROPS") approved by the Oversight Board and the California Department of Finance ("DOF"). Therefore, the Dissolution Act prohibited the Successor Agency from making this payment to the Service by the May 24, 2016 due date.

The Successor Agency will also be required to pay interest on the rebate amount accruing from the payment due date of May 24, 2016 and may be required to pay a penalty equal to 50% of the rebate amount. If the arbitrage rebate and accrued interest are paid to the Service within 180 days of the May 24 due date, the Service may waive the penalty. As used in this report, the arbitrage rebate amount, accrued interest and penalty are referred to collectively as the "Rebate Payment."

Under the Dissolution Act, before the Successor Agency makes the Rebate Payment, the Oversight Board and DOF must approve the Rebate Payment as an enforceable obligation and an amendment to the ROPS 16-17 to add the Rebate Payment as an enforceable obligation payable during Fiscal Year 2016-17. The Dissolution Act permits one amendment to each annual ROPS. The ROPS amendment must be in an electronic format prescribed by DOF. The amendment form was just released by the DOF in mid-July.

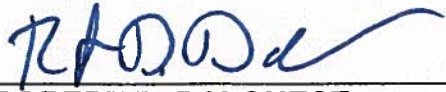
To enable the Successor Agency to make the Rebate Payment, the Oversight Board is requested to approve the Rebate Payment as an enforceable obligation and approve the amendment to ROPS 16-17 submitted herewith.

The proposed Resolution would authorize the Successor Agency Executive Director to take all actions necessary to authorize payment of the Rebate Payment to the Service, including without limitation obtaining DOF approval of the Rebate Payment as an enforceable obligation, obtaining DOF approval of the amendment to ROPS 16-17 submitted herewith and submitting the Rebate Payment and related documentation to the Service in accordance with the 1998 Indenture and the Internal Revenue Code, as applicable.

FISCAL IMPACT:

The Rebate Payment includes (1) the arbitrage rebate amount of \$316,344.21, (2) an interest component calculated in accordance with the Internal Revenue Code at the time the arbitrage rebate payment is made, currently 3% or \$5,580.04 if paid by October 31, 2016, and (3) a penalty calculated at one half the arbitrage rebate amount plus interest on the penalty amount. The Service may grant a waiver of the penalty if the Successor Agency can provide documentation that it was not willfully negligent in failing to make a timely payment within 180 days of the rebate due date. The Rebate Payment will be made using Redevelopment Property Tax Trust Funds (RPTTF) requested pursuant to the attached amendment to ROPS 16-17, subject to Oversight Board and DOF approval.

Prepared by:



ROBERT D. DALQUEST

Assistant Development Services Director,
Successor Agency to the Redevelopment
Agency

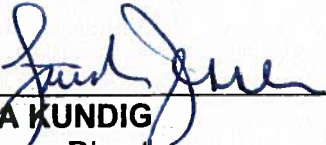
Recommended by:



N. ENRIQUE MARTINEZ

Executive Director,
Successor Agency to the Redevelopment
Agency

Concurrence by:



TINA KUNDIG

Finance Director,
Successor Agency to the Redevelopment
Agency

Concurrence by:



DANIEL J. McHUGH

General Counsel,
Successor Agency to the Redevelopment
Agency

ATTACHMENTS:

1. Resolution No. OB 2016-056 – Approval of Rebate Payment, Amended ROPS 2016-17
2. Resolution No. OB 2016-057 – Approval of Consent Calendar
3. Minutes of May 19, 2016
4. Amended ROPS 2016-17
5. BLX Report on Arbitrage Rebate

RESOLUTION NO. OB 2016-056

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CTY OF REDLANDS APPROVING PAYMENT OF AN ARBITRAGE REBATE PAYMENT, INTEREST AND PENALTY AS AN ENFORCEABLE OBLIGATION AND ADOPTING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR FISCAL YEAR 2016-17

RECITALS

WHEREAS, the Redevelopment Agency of the City of Redlands (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, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project, Tax Allocation Refunding Bonds, Series 1998A (the "1998 Bonds"); and

WHEREAS, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project, Tax Allocation Bonds, Series 2003A (the "2003 Bonds"); and

WHEREAS, the Prior Agency has previously issued its Redevelopment Agency of the City of Redlands Redlands Redevelopment Project Area, Tax Allocation Bonds, Taxable Series 2007A (the "2007 Bonds"; and, together with the 1998 Bonds and the 2003 Bonds, the "Prior Bonds"); and

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

WHEREAS, on November 1, 2011, the City Council of the City of Redlands (the "City") approved Resolution No. 7089 electing to serve as the Successor Agency to the former Redevelopment Agency of the City of Redlands (the "Successor Agency") pursuant to Section 34173 of the Health and Safety Code; 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 Prior Agency, including its redevelopment powers, assets and obligations, was transferred on February 1, 2012 to the Successor Agency to the Redevelopment Agency of the City of Redlands (the "Successor Agency"); and

WHEREAS, on or about June 27, 2012, AB1484 was adopted as a trailer bill in connection with the 2012-13 California Budget; and

WHEREAS, AB1484 specifically authorizes the issuance of refunding bonds by the Successor Agency to refund the bonds or other indebtedness of the Prior Agency to provide savings to the Successor Agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds shall not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, on March 16, 2016, the Successor Agency issued its Tax Allocation Refunding Bonds, Series 2016A and Taxable Tax Allocation Refunding Bonds, Series 2016B (collectively, the "2016 Bonds") to refund the outstanding Prior Bonds in their entirety; and

WHEREAS, following the refunding of the 1998 Bonds, BLX Group, LLC, retained to perform the arbitrage calculations on the 1998 Bonds, informed the Successor Agency that an arbitrage rebate payment is due to the Internal Revenue Service (the "Service") in the amount of \$316,344.21 resulting from the refunding of the 1998 Bonds (together with interest and penalties that may become due to the Service, the "Rebate Payment"); and

WHEREAS, the Dissolution Act prohibits the Successor Agency from making payments except as included on a Recognized Obligation Payment Schedule ("ROPS") approved by the Oversight Board and the California Department of Finance ("DOF"); and

WHEREAS, the Rebate Payment is not included on the ROPS for Fiscal Year 2016-17 ("ROPS 16-17"); therefore the Successor Agency must amend ROPS 16-17 to include the Rebate Payment; and

WHEREAS, in accordance with the Internal Revenue Code, the provisions of the Indenture requiring the Successor Agency to pay the Rebate Payment survive the refunding of the 1998 Bonds; therefore, the Successor Agency's obligation to pay the Rebate Payment constitutes an enforceable obligation under the Dissolution Act; and

WHEREAS, the Oversight Board desires to direct the Executive Director of the Successor Agency and his authorized designees to take all actions necessary to authorize payment of the Rebate Payment to the Service, including without limitation obtaining DOF approval of the Rebate Payment as an enforceable obligation, obtaining DOF approval of an amendment to ROPS 16-17 in substantially the form submitted herewith and submitting the Rebate Payment and related documentation to the Service in accordance with the 1998 Indenture and the Internal Revenue Code, as applicable.

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

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to Health and Safety Code Section 34177.

Section 3. The Oversight Board hereby finds and determines, based on all evidence in the record before the Oversight Board, that the Rebate Payment is required by the 1998 Indenture and is therefore an enforceable obligation of the Successor Agency.

Section 4. The Oversight Board hereby approves the Rebate Payment as an enforceable obligation, approves the ROPS amendment submitted to the Oversight Board herewith, and authorizes and directs the Executive Director of the Successor Agency to take all actions necessary to authorize payment of the Rebate Payment to the Service, including without limitation obtaining DOF approval of the Rebate Payment as an enforceable obligation, obtaining DOF approval of the ROPS amendment submitted herewith, and submitting the Rebate Payment and related documentation to the Service in accordance with the 1998 Indenture and the Internal Revenue Code, as applicable.

Section 5. The Oversight Board hereby approves the amended Recognized Obligation Payment Schedule as presented by staff that lists enforceable obligations of the former redevelopment agency for the period of January 1, 2017 through June 30, 2017. The Oversight Board hereby authorizes and directs the Executive Director of the Successor Agency to take all actions necessary to obtain DOF approval of such amendment to ROPS 16-17.

Section 6. The Oversight Board hereby finds and determines that the amendment to ROPS 16-17 presented herewith is necessary to enable the Successor Agency to make the Rebate Payment.

Section 7. This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, this Resolution is adopted and approved the 18th day of August, 2016.

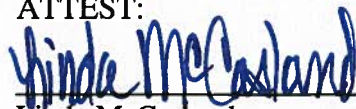
ADOPTED, SIGNED AND APPROVED this 18th day of August, 2016.

AYES: 5
NOES: 0
ABSENT: 2
ABSTAIN: 0



Paul W. Foster, Chairperson
Oversight Board of Successor Agency
To Redevelopment Agency

ATTEST:



Linda McCasland
Oversight Board Secretary

Amended Recognized Obligation Payment Schedule (ROPS 16-17B) - Summary

Filed for the January 1, 2017 through June 30, 2017 Period

Successor Agency:

Redlands

County:

San Bernardino

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		ROPS 16-17B Authorized Amounts	ROPS 16-17B Requested Adjustments	ROPS 16-17B Amended Total
A	Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 3,724,770	\$ 5	\$ 3,724,775
F	RPTTF	3,599,770	5	3,599,775
G	Administrative RPTTF	125,000	-	125,000
H	Current Period Enforceable Obligations (A+E):	\$ 3,724,770	\$ 5	\$ 3,724,775

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.

Paul W. Foster, Chairman
Name Title
/s/ Paul W. Foster 8.18.16
Signature Date

Redlands Amended Recognized Obligation Payment Schedule (ROPS 16-17B) - ROPS Detail

January 1, 2017 through June 30, 2017

(Report Amounts in Whole Dollars)

Item #	Project Name/Debt Obligation	Obligation Type	Total Outstanding Balance	AUTHORIZED AMOUNTS					Total	REQUESTED ADJUSTMENTS					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
			\$ 15,354,993	\$ -	\$ -	\$ -	\$ 3,599,770	\$ 125,000	\$ 3,724,770	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 5	
3	1998 A Tax Allocation Refunding Bonds	Bonds Issued On or Before	\$ 9,370,016	-	-	-	2,188,388		\$ 2,188,388				5		\$ 5	The amounts approved for the Refunded 1998, 2003
4	2003 A Tax Allocation Refunding Bonds	Bonds Issued After 12/31/10	\$ 3,901,956	-	-	-	936,113		\$ 936,113						\$ -	
5	2007 A Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	\$ 1,150,271	-	-	-	475,269		\$ 475,269						\$ -	
6	Fiscal Agent Fees	Fees	\$ 63,000	-	-	-	-		\$ -						\$ -	
10	Contract for Continuing Disclosure	Fees	\$ 6,250	-	-	-	-		\$ -						\$ -	
12	Contract for Auditing Services	Professional Services	\$ 13,500	-	-	-	-		\$ -						\$ -	
26	Consultant Costs	Property Dispositions	\$ -	-	-	-	-		\$ -						\$ -	
39	Housing Entity Admin Cost	Housing Entity Admin Cost	\$ 600,000	-	-	-	-		\$ -						\$ -	
40	Administration Costs	Admin Costs	\$ 250,000	-	-	-	-		\$ -						\$ -	