

**OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

STAFF REPORT

DATE: JANUARY 27, 2016

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

**SUBJECT: APPROVAL OF THE EXECUTION AND DELIVERY OF A SERIES
2010C BONDS PROCEEDS FUNDING AGREEMENT BY AND
BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF COMPTON**

SUMMARY

Staff respectfully requests the Board to adopt Resolution No. 2016-3 approving the Successor Agency's execution and delivery of a Series 2010C Bonds Proceeds Funding Agreement by and between the Successor Agency and the City of Compton and authorizing staff to take certain related actions.

BACKGROUND

The former Community Redevelopment Agency of the City of Compton (the "Former Agency") issued its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable) to finance redevelopment activities with respect to the Compton Redevelopment Project. The Former Agency was dissolved pursuant to AB XI 26 and a Successor Agency was constituted. The unspent proceeds of the 2010C Bonds (the "2010C Bonds Proceeds") transferred to the control of the Successor Agency by operation of law. A portion of the 2010C Bonds Proceeds have been expended on enforceable obligations. There now remains a balance in the Successor Agency's accounts of 2010C Bonds Proceeds in the amount of \$521,843.36. Pursuant to the Dissolution Law, and subject to the approval of the Oversight Board and the State Department of Finance (the "DOF"), the Successor Agency and the City may enter into an agreement (the "Series 2010C Bonds Proceeds Funding Agreement") to provide for the transfer of the remaining 2010C Bonds Proceeds to the City to use in compliance with the bond covenants and applicable law.

STATEMENT OF THE ISSUE

Pursuant to Health and Safety Code 34191.4(c), after the Successor Agency's receipt of a Finding of Completion from the State Department of Finance (the "DOF"), the Successor Agency shall use the remaining 2010C Bonds Proceeds for the purposes for which the 2010C

Bonds were sold, in a manner consistent with the bond covenants. The Successor Agency received its Finding of Completion on December 28, 2015.

Because of the limited staffing of the Successor Agency and the City's traditional role and established procedures for the awarding of public works contracts, it is desirable for the Successor Agency to transfer the remaining unspent 2010C Bonds Proceeds to the City, for the City to implement projects in connection with the Compton Redevelopment Project.

The transfer of the remaining 2010C Bonds Proceeds to the City is included as a Line Item on the Successor Agency's Recognized Obligation Payment Schedule for the annual period from July 1, 2016 to June 30, 2017 (ROPS 16-17). ROPS 16-17 is being presented to the Oversight Board for consideration and approval at this meeting pursuant to a separate resolution. Pursuant to the Series 2010C Bonds Proceeds Funding Agreement, the Successor Agency will transfer all of the remaining 2010C Bonds Proceeds to the City at the commencement of the upcoming ROPS 16-17 period (which begins on July 1, 2016), and the City will use the 2010C Bonds Proceeds on projects in a manner consistent with the bond covenants and all applicable law.

FISCAL IMPACT

Assuming the DOF's approval of the corresponding Line Item on ROPS 16-17 and the execution and delivery of the Series 2010C Bonds Proceeds Funding Agreement by the City and Successor Agency, the Successor Agency will transfer the remaining 2010C Bonds Proceeds to the City in accordance with the Series 2010C Bonds Proceeds Funding Agreement.

ENVIRONMENTAL IMPACT

There will be no new environmental impact associated with adoption of the attached resolution.

RECOMMENDATION

That the Board adopt the attached resolution approving the execution and delivery of a Series 2010C Bonds Proceeds Funding Agreement by and between the Successor Agency and the City of Compton and taking certain related actions.

Respectfully submitted,

DR. KOFI SEFA-BOAKYE
MANAGER

ROGER HALEY
EXECUTIVE DIRECTOR

SERIES 2010C BONDS PROCEEDS FUNDING AGREEMENT

This SERIES 2010C BONDS PROCEEDS FUNDING AGREEMENT (this “Agreement”), dated as of _____, 2016, is entered into by and between the City of Compton (the “City”), and the Successor Agency to the Community Redevelopment Agency of the City of Compton (the “Successor Agency,” and together with the City, the “Parties”).

RECITALS:

A. The former Community Redevelopment Agency of the City of Compton (the “Former Agency”) previously issued its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable), in the principal amount of \$18,260,000 (the “2010C Bonds”).

B. The 2010C Bonds were issued pursuant to a Master Trust Agreement, dated as of June 1, 1985, by and between the Former Agency and U.S. Bank National Association, as trustee, as previously amended and supplemented, and as amended by the Eighth Supplemental Trust Agreement, dated as of June 1, 2010 (collectively, the “Trust Agreement”).

C. The 2010C Bonds were issued and sold to finance redevelopment activities with respect to the Compton Redevelopment Project.

D. Pursuant to AB X1 26 (which became effective in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted, and an oversight board of the Successor Agency (the “Oversight Board”) was established. AB 1484 (which became effective in June 2012) amended and supplemented the provisions of AB X1 26.

E. Pursuant to Section 34175(b) of the California Health and Safety Code (“HSC”), all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former Agency, including the unspent proceeds of the 2010C Bonds (the “2010C Bonds Proceeds”) transferred to the control of the Successor Agency by operation of law. There now remains a balance in the Successor Agency’s accounts of unencumbered 2010C Bonds Proceeds in the amount of \$521,843.36.

F. Pursuant to HSC Section 34191.4, after the receipt by the Successor Agency of a finding of completion (the “Finding of Completion”) issued by the California State Department of Finance (the “DOF”) under HSC Section 34179.7, the 2010C Bonds Proceeds shall be used in a manner consistent with the bond covenants.

G. By DOF’s letter, dated December 28, 2015, the DOF informed the Successor Agency that the DOF has issued a Finding of Completion to the Successor Agency.

H. The Successor Agency desires to provide for the use of the remaining 2010C Bonds Proceeds for the purposes for which the 2010C Bonds were sold (being projects of benefit

to the Compton Redevelopment Project) consistent with the covenants in the Trust Agreement and all applicable law (collectively, the “Projects”).

I. Because of the limited staffing of the Successor Agency and the City’s traditional role and established procedures with respect to the awarding of public works contracts, the Successor Agency and the City desire to enter into this Agreement, for the City to perform or cause to be performed all work required to complete the Projects, with payment therefor to be made from the remaining 2010C Bonds Proceeds.

J. This Agreement provides for the transfer of remaining 2010C Bonds Proceeds to the City for the City to use to perform or cause to be performed the work required for the Projects.

K. Pursuant to HSC Section 34177(l), the Successor Agency must prepare a Recognized Obligation Payment Schedule (“ROPS”) for each annual fiscal period (“ROPS Period”). Each ROPS must be submitted to the Oversight Board of the Successor Agency and the DOF for approval.

L. Pursuant to HSC Section 34191.4(c)(2), the expenditure of the remaining 2010C Bonds Proceeds must be listed on a ROPS.

M. Pursuant to HSC Sections 34178(a) and 34180(h), with the approval of the Oversight Board, the Successor Agency may enter into agreements with the City.

N. [Resolution No. ____, adopted by the Oversight Board on January 27, 2016, approving the Successor Agency’s execution and delivery of this Agreement was approved [deemed approved] by the DOF pursuant to HSC Section 34179(h) on _____, 2016.]

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

Section 1. Subject to the provisions of this Agreement and with the funding provided pursuant to this Agreement, the City agrees to perform or cause to be performed the work required for the Projects, including but not limited to the preparation of designs, plans and specifications and all demolition, construction and installation. The City shall perform such work in accordance with all applicable federal, state and local laws, rules and regulations. Subject to the covenants set forth herein, the City shall have the sole discretion with respect to the design, planning, specification and timing of all components of the Projects.

Section 2. (a) The Successor Agency has prepared ROPS 16-17 for the fiscal period from July 1, 2016 through June 30, 2017 (the ROPS 16-17 Period”). Included as a Line Item in ROPS 16-17 is the transfer of the remaining 2010C Bonds Proceeds in the amount of \$521,843.36 to the City for the cost of the Projects.

(b) At the commencement of the ROPS 16-17 Period, or as soon thereafter as practical, the Successor Agency shall transfer to the City the remaining 2010C Bonds Proceeds in the aggregate amount approved by the DOF pursuant to ROPS 16-17.

Section 3. To the extent the City still holds unspent remaining 2010C Bonds Proceeds transferred pursuant to this Agreement after the completion of the Projects (as determined by the City Council), the City shall return such unspent remaining 2010C Bonds Proceeds to the Successor Agency within a reasonable time after such determination.

Section 4. The City covenants that it shall use the 2010C Bonds Proceeds received pursuant to Section 2 solely in a manner consistent with the covenants in the Trust Agreement, and all applicable law.

Section 5. Each Party shall maintain books and records regarding its duties pursuant to this Agreement. Such books and records shall be available for inspection by the officers and agents of the other Party at all reasonable times.

Section 6. The Parties agree to take all appropriate steps and execute any documents which may reasonably be necessary or convenient to implement the intent of this Agreement.

Section 7. This Agreement may be amended from time to time by written instrument executed by both Parties.

Section 8. No official, agent, or employee of the Successor Agency or the City, or members of the City Council, or members of the Successor Agency Board of Directors or Oversight Board shall be individually or personally liable for any payment hereunder in the event of any default or breach by the Successor Agency or the City, or for any amount which may otherwise become due to the City or Successor Agency, or successor thereto, or on any obligations under the terms of this Agreement.

Section 9. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers.

**SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

By _____
Executive Director

ATTEST:

Secretary

CITY OF COMPTON

By _____
Mayor

ATTEST:

City Clerk

APPROVED:

**OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

By _____
Chair

Date: _____

RESOLUTION NO. 2016-3

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON APPROVING THE EXECUTION AND DELIVERY OF A SERIES 2010C BONDS PROCEEDS FUNDING AGREEMENT BY AND BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF COMPTON AND TAKING CERTAIN RELATED ACTIONS

WHEREAS, the former Community Redevelopment Agency of the City of Compton (the “Former Agency”) previously issued its Compton Redevelopment Project, Second Lien Tax Allocation Bonds, Series 2010C (Taxable), in the principal amount of \$18,260,000 (the “2010C Bonds”);

WHEREAS, the 2010C Bonds were issued pursuant to a Master Trust Agreement, dated as of June 1, 1985, by and between the Former Agency and U.S. Bank National Association, as trustee, as previously amended and supplemented, and as amended by the Eighth Supplemental Trust Agreement, dated as of June 1, 2010 (collectively, the “Trust Agreement”);

WHEREAS, the 2010C Bonds were issued and sold to finance redevelopment activities with respect to the Compton Redevelopment Project (the “Project Area”);

WHEREAS, pursuant to AB X1 26 (which became effective in June 2011) and the California Supreme Court’s decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted, and an oversight board of the Successor Agency (the “Oversight Board”) was established. AB 1484 (which became effective in June 2012) amended and supplemented the provisions of AB X1 26;

WHEREAS, pursuant to Section 34175(b) of the California Health and Safety Code (“HSC”), all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former Agency, including the unspent proceeds of the 2010C Bonds (the “2010C Bonds Proceeds”) transferred to the control of the Successor Agency by operation of law. There now remains a balance in the Successor Agency’s accounts of unencumbered 2010C Bonds Proceeds in the amount of \$521,843.36;

WHEREAS, pursuant to HSC Section 34191.4, after the receipt by the Successor Agency of a finding of completion (the “Finding of Completion”) issued by the California State Department of Finance (the “DOF”) under HSC Section 34179.7, the 2010C Bonds Proceeds shall be used in a manner consistent with the bond covenants;

WHEREAS, by DOF’s letter, dated December 28, 2015, the DOF informed the Successor Agency that the DOF has issued a Finding of Completion to the Successor Agency;

WHEREAS, the Successor Agency desires to provide for the use of the remaining 2010C Bonds Proceeds for the purposes for which the 2010C Bonds were sold, consistent with the covenants in the Trust Agreement and all applicable law (collectively, the “Projects”);

WHEREAS, because of the limited staffing of the Successor Agency and the City’s traditional role and established procedures with respect to the awarding of public works contracts, the Successor Agency and the City desire to enter into a Series 2010C Bonds Proceeds Funding Agreement (the “Agreement”) for the City to perform or cause to be performed all work required to complete the Projects, with payment therefor to be made from the remaining 2010C Bonds Proceeds;

WHEREAS, the Agreement provides for the transfer of remaining 2010C Bonds Proceeds to the City for the City to perform or cause to be performed the work required for the Projects;

WHEREAS, pursuant to HSC Sections 34178(a) and 34180(h), with the approval of the Oversight Board, the Successor Agency may enter into agreements with the City;

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

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

Section 2. This Oversight Board hereby approves the execution and delivery by the Successor Agency of the Series 2010C Bonds Proceeds Funding Agreement, substantially in the form attached hereto as Exhibit A.

Section 3. The members of this Oversight Board and the staff of the Successor Agency are hereby authorized, jointly and severally, to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and the Series 2010C Bonds Proceeds Funding Agreement.

ADOPTED this ____ day of _____, 2016.

**CHAIRPERSON OF THE OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

ATTEST:

**SECRETARY TO THE OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Estevan Padilla, Secretary to the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the _____ meeting thereof held on the ____ day of _____, 2016.

That said resolution was adopted by the following vote, to wit:

**AYES:
NOES:
ABSENT:**

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON**

Exhibit A – Series 2010C Bonds Proceeds Funding Agreement

EXHIBIT A

SERIES 2010C BONDS PROCEEDS FUNDING AGREEMENT

(in substantial final form)