



AGENDA

City of El Cajon Successor Agency – Oversight Board

8:00 a.m., Wednesday, January 18, 2017

El Cajon City Hall – Fifth Floor Conference Room

200 Civic Center Way, El Cajon, CA 92020

Board Members:

Scott Buxbaum, County Board of Education Rep.
Gloria Chadwick, Grossmont Healthcare District Rep.
Dennis Davies, City of El Cajon
Michelle Nguyen, County Board of Supervisors Rep.
Sue Rearic, Chancellor of the California Community Colleges Rep.
Anthony Shute, (Former RDA/MMPEG Employee) City of El Cajon
Debra Turner-Emerson, County Board of Supervisors Rep.

Successor Agency Staff:

Douglas Williford, Exec. Director/City Manager
Majed Al-Ghafry, OB Secretary / Asst. City Manager
Clay Schoen, Director of Finance
Holly Reed-Falk, Financial Operations Manager
Victoria Danganan, Senior Accountant
Adriana Castañeda, Operations Manager
Ron Luis Valles, Administrative Secretary

OB Legal Counsel: **Meiers Nave**

General Counsel: **Morgan Foley**

- I. Call to Order and Pledge of Allegiance
- II. Roll Call
- III. Public Comment: (This is the opportunity for a member of the public to address the Oversight Board on any item of business within the jurisdiction of the Board that is not on the agenda. Under State law no action can be taken on items brought forward under Public Comment, except to refer the item to the staff for administrative action or to place it on a future agenda.)

ACTION ITEMS:

- IV. Item No. 1 -- Approval of Action Minutes – September 21, 2016, meeting

Item No. 2 – Approval of the Successor Agency Fiscal Year 2017-2018 Budget, including the Administration Budget

Item No. 3 - Approval of Recognized Obligation Payment Schedule (“ROPS 17-18”) for the Period July 1, 2017, to June 30, 2018
- V. Other Items for Consideration

Staff Communications:

Item No. 4 – Basic Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2016, and Written Communication Between Auditor and Client

Board Reports/Comments:

- VI. Adjournment

SUMMARY MINUTES

Successor Agency to the El Cajon Redevelopment Agency Oversight Board

**Meeting - Wednesday, September 21, 2016
El Cajon City Hall, Fifth Floor Conference Room
200 Civic Center Way, El Cajon, CA 92020**

BOARD PRESENT: Scott Buxbaum, Gloria Chadwick, Dennis Davies (Vice Chair), Michelle Nguyen, Sue Rearic, Anthony Shute, and Debra Turner-Emerson (Chair)

BOARD ABSENT: None

OB LEGAL COUNSEL: George Eiser III, representing law firm of Meyers Nave

STAFF PRESENT: Assistant City Manager Majed Al-Ghafry, Director of Finance Clay Schoen, Operations Manager Adriana Castañeda, and Administrative Secretary Ron Luis Valles

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:01 a.m. by TURNER-EMERSON.

PUBLIC COMMENT: None

ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – May 18, 2016

CHADWICK made a motion, seconded by BUXBAUM, to approve the minutes of the May 18, 2016, meeting.

Motion carried 5-0 (DAVIES AND NGUYEN, abstained due to absence).

ITEM NO. 2: APPROVAL OF AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“AMENDED ROPS 16-17”) FOR THE PERIOD January 1, 2017, to June 30, 2017.

SCHOEN summarized the staff report.

DAVIES made a motion, seconded by SHUTE, to adopt Resolution OB-06-16 approving the Amended Recognized Obligation Payment Schedule (“Amended ROPS 16-17”) for the period January 1, 2017, to June 30, 2017.

Motion carried 7-0.

STAFF COMMUNICATIONS:

AL-GHAFRY informed there might be a future meeting pertaining to the 100 Fletcher Parkway property. Additionally, he added that at that meeting, staff will bring a presentation on economic development to the board.

BOARD REPORTS / COMMENTS:

There were none.

ADJOURNMENT:

BUXBAUM made a motion, seconded by CHADWICK, to adjourn the regularly-scheduled meeting of the El Cajon Successor Agency Oversight Board at 8:08 a.m. this 21st day of September 2016, to 8:00 a.m., October 19, 2016, in the Fifth Floor Conference Room at City Hall, 200 Civic Center Way, El Cajon, California.

Motion carried 7-0.

APPROVED:

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
January 18, 2017, Meeting

SUBJECT: APPROVAL OF THE SUCCESSOR AGENCY FISCAL YEAR 2017-2018 BUDGET, INCLUDING THE ADMINISTRATION BUDGET

RECOMMENDED ACTION: That the Oversight Board adopts the proposed Resolution OB-01-17 to:

1. Approve the Successor Agency Fiscal Year 2017-2018 Budget in the amount of \$6,788,377, which includes the Successor Agency Fiscal Year 2017-2018 Administration Budget in the amount of \$250,000; and
2. Authorize the Successor Agency staff to carry out activities outlined in the Cooperation Agreement approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the proposed budgets pursuant to City of El Cajon adopted policies, procedures, and practices, including re-entering into third party service agreements for continuation of projects.

BACKGROUND:

Presented for approval and adoption is the Successor Agency Fiscal Year 2017-2018 Budget, including the Successor Agency Fiscal Year 2017-2018 Administration Budget (together the "Budgets"). Both Budgets were prepared in conjunction with the City's Capital Improvement Project Plan and annual budget process that is currently underway, and consist of activity and project costs that will be included in the proposed City budget for Fiscal Year 2017-2018.

As required under Health and Safety Code section 34177, subdivision (j), the Successor Agency must prepare a proposed administrative budget for each fiscal year and submit it to the Oversight Board for its approval. The proposed administrative budget includes:

1. Estimated amounts for the Successor Agency's administrative costs for the upcoming six-month fiscal period;
2. Proposed sources of payment for the administrative costs identified; and
3. Proposals for arrangements for administrative and operations services provided by the City.

Administrative cost allowances may be up to three percent (3%) of the actual property tax distributed to the Successor Agency in the preceding fiscal year but shall not be less than two hundred fifty thousand dollars (\$250,000). Staff has prepared the Successor Agency Administration Budget at \$250,000 for Fiscal Year 2017-2018 to be funded with property tax allocation from the Redevelopment Property Tax Trust Fund (the "RPTTF").

The proposed administrative budget includes staff services and supplies/materials provided by the City to administer the tasks and functions of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and expertise necessary to wind down the affairs of the former El Cajon Redevelopment Agency.

The Successor Agency Fiscal Year 2017-2018 Budget also includes funding for the following enforceable obligations, activities, and projects:

1. Successor Agency Debt Service (\$4,701,377): Payments of principal and interest on the tax allocation bonds and the costs of financial services related to the debt issues.
2. Hazardous Materials Testing - Park & Ballantyne (\$80,000): Environmental remediation costs associated with a Reimbursement and Indemnity Agreement dated December 16, 2003. The sampling events and monitoring reports indicate a highly contaminated plume released from the site requiring further groundwater investigations as ordered by the California Regional Water Quality Control Board, San Diego Region.
3. Hazardous Materials Testing - Prescott Promenade (\$12,000): Environmental remediation costs associated with a Settlement Agreement dated September 15, 1995. The budgeted amount is an estimate of the Agency's share (20%) of remediation costs.
4. Former Police Station (100 Fletcher Parkway) (\$54,000): Ongoing property management and maintenance and disposition costs until property is sold. On October 2, 2015, an Exclusive Negotiation Agreement ("ENA") between the Successor Agency and Brixton Capital and Excel Hotel Group Inc. for the disposition of the real property was approved by the State Department of Finance (DOF). Upon completion of the negotiation, the terms of the sale of the property will be contained in a Disposition and Development Agreement to be presented to the Oversight Board and DOF for approval.
5. Civic Center Complex Revitalization Project (\$21,000): Property maintenance and disposition costs for the property located at 115 Rea Avenue until disposal.

6. Housing Authority Development and Revitalization Activities (\$700,000) Housing project located at 230 South Sunshine Avenue to provide affordable housing units to veterans and families. Funding for the project includes housing bond proceeds carried over from prior fiscal year, plus interest earnings.
7. Ronald Reagan Community Center Renovation (\$50,000): Capital improvement project for the renovation and improvement of the 25-year-old Community Center that is used for civic events. The renovations to the existing facility will include both interior and exterior improvements that will bring the facility in compliance with the Americans with Disabilities Act. The project is currently in the construction phase. Project funding includes bond proceeds carried over from Fiscal Year 2016-17.
8. East County Performing Arts Center (ECPAC) Improvements (\$920,000): Capital improvement project for major improvements needed for the ECPAC facility that include HVAC upgrades and installation of new carpet, theater seating, stage lighting, and other furnishings. Project funding includes \$807,000 of bond proceeds carried over from prior fiscal year and \$113,000 of unexpended bond proceeds from completed projects.

Finally, in the absence of contracting procedures for the Oversight Board, the Successor Agency will continue to employ the policies, procedures and practices in place with the City of El Cajon with respect to execution and re-entering into contracts necessary for the continuation of activities outlined in the Budgets, as authorized under the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan, approved by the Oversight Board on April 26, 2012.

FISCAL IMPACT:

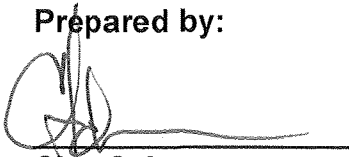
This action will approve the Successor Agency Fiscal Year 2017-18 Budget with estimated funding of \$6,788,377, which includes the minimum \$250,000 Administrative Budget.

ATTACHMENTS:

1. Proposed Resolution OB-01-17
2. Successor Agency - Fiscal Year 2017-18 Budget Summary
3. Budget Activity and Project Sheets

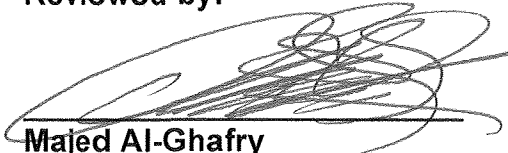
Oversight Board Agenda Report
Approval of Successor Agency Fiscal Year 2017-18
Budget, including Administration Budget
January 18, 2017, Agenda

Prepared by:



Clay Schoen
Director of Finance

Reviewed by:



Majed Al-Ghafry
Secretary / Assistant City Manager

Approved by:



Douglas Williford
Executive Director / City Manager

RESOLUTION NO. OB-01-17

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE FISCAL YEAR 2017-2018 SUCCESSOR AGENCY BUDGET, INCLUDING THE SUCCESSOR AGENCY ADMINISTRATION BUDGET

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency to the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on January 18, 2017, at which time it considered a proposed Successor Agency Budget, including the Successor Agency Administration Budget for the period of July 1, 2017, to June 30, 2018; and

WHEREAS, the proposed Successor Agency Fiscal Year 2017-2018 Budget totals \$6,788,377 from all funding sources, including Bond Proceeds, Successor Agency Reserves, and Other Funds, of which \$250,000 is for Successor Agency Administration;

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

- A. The Oversight Board finds that:
 - 1. The recitals above are true and correct and are incorporated herein by this reference.
 - 2. Approval of the Successor Agency Budget and the Successor Agency Administrative Budget is exempt from the California Environmental Quality Act (CEQA) under section 15061(b)(3) (General Rule) of the CEQA Guidelines because approval of the proposed budgets is not a project that has the potential for causing a significant effect on the environment.
- B. The Oversight Board hereby APPROVES the Fiscal Year 2017-2018 Successor Agency Budget of \$6,788,377 from all funding sources, including Bond Proceeds, Successor Agency Reserves, and Other Funds, including the Successor Agency Administration Budget for Fiscal Year 2017-2018 of \$250,000 to be paid from proceeds from the Redevelopment Property Tax Trust Fund ("RPTTF").
- C. The Oversight Board hereby AUTHORIZES the Chair to submit the approved Successor Agency Budget for the period of July 1, 2017, to June 30, 2018 to the County Auditor Controller, the State Department of Finance, the County Administrative Officer, the State Controller's Office, and to post the budget on the Successor Agency's website.

- D. The Oversight Board hereby AUTHORIZES Successor Agency staff to carry out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 18th day of January, 2017, by the following vote to wit:

AYES:
NOES:
ABSENT:

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

**SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY
ADOPTED BUDGET
FISCAL YEAR 2016-17**

Activity/Project		ROPS 2017-18		Total Fiscal Year 2017-18
		July-Dec 2017	Jan-Jun 2018	
<u>Bond Proceeds</u>				
HA1501	Housing Authority Development & Revitalization Projects	\$ 700,000	\$ -	\$ 700,000
RD1503S	Ronald Reagan Community Center Renovation	50,000	-	50,000
RD1504S	El Cajon Performing Arts Center Improvements	500,000	420,000	920,000
		\$ 1,250,000	\$ 420,000	\$ 1,670,000
<u>Reserve Funds</u>				
0490000	Successor Agency Debt Service	\$ 835,000	\$ -	\$ 835,000
RD0705S	Hazardous Materials Testing-Prescott Promenade	6,000	6,000	12,000
RDR0703S	Civic Center Complex Revitalization Project	-	5,000	5,000
		\$ 841,000	\$ 11,000	\$ 852,000
<u>Other Funds</u>				
RD0704S	Hazardous Materials Testing-Park & Ballantyne	40,000	40,000	80,000
RD0801S	Former Police Station (100 Fletcher Parkway)	27,500	26,500	54,000
RDR0703S	Civic Center Complex Revitalization Project	11,000	5,000	16,000
		\$ 78,500	\$ 71,500	\$ 150,000
<u>RPTTF - Non Administrative</u>				
0490000	Successor Agency Debt Service	\$ 2,373,658	\$ 1,492,719	\$ 3,866,377
<u>RPTTF - Administrative</u>				
0590110	Successor Agency Administration	\$ 125,000	\$ 125,000	\$ 250,000
Total Fiscal Year 2017-18 Budget		\$ 4,668,158	\$ 2,120,219	\$ 6,788,377

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2017-18

ACTIVITY: Successor Agency Debt Service

ACTIVITY NO: 0490000

The Successor Agency is responsible for making the required principal and interest payments on the outstanding tax allocation bonds of the former redevelopment agency. The Successor Agency receives property taxes from the Redevelopment Property Tax Trust Fund to make debt service payments on the 2000, 2005, and 2007 tax allocation bonds. The Successor Agency also ensures compliance with the bond covenants by performing annual financial audits, filing continuing disclosure reports, and maintaining the reserve requirements with the fiscal agent.

The Fiscal Year 2017-18 budget for the Successor Agency Debt Service includes funding of the principal and interest payments on the bonds and costs of services related to the debt issues.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Debt Service:						
2000 Bonds - Principal	1	155,000	55,000	55,000	-	55,000
2000 Bonds - Interest	1	5,491,478	1,211,145	604,527	602,438	1,206,965
2005 Bonds - Principal	2	4,265,000	1,170,000	1,225,000	-	1,225,000
2005 Bonds - Interest	2	6,528,497	1,325,118	650,128	622,565	1,272,693
2007 Bonds - Principal	3	1,345,000	375,000	390,000	-	390,000
2007 Bonds - Interest	3	2,651,235	548,975	270,503	262,216	532,719
Professional/Technical Services:						
Trustee Fees & Administration	4	30,083	7,566	6,000	3,000	9,000
Other Professional/Technical	4	2,600	1,850	2,000	-	2,000
Accounting & Audit	5	35,450	6,500	5,500	2,500	8,000
TOTAL DEBT SERVICE		20,504,343	4,701,154	3,208,658	1,492,719	4,701,377
Sources of Funds:						
Reserve Balance		-	-	835,000	-	835,000
Other Funds		3,837	-	-	-	-
Redevelopment Property Tax Trust Funds (RPTTF)		20,500,506	4,701,154	2,373,658	1,492,719	3,866,377
TOTAL FUNDING		20,504,343	4,701,154	3,208,658	1,492,719	4,701,377

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2017-18

ACTIVITY: Successor Agency Administration

ACTIVITY NO: 0590110

The City of El Cajon Successor Agency performs administrative activities to wind down the affairs of the former El Cajon Redevelopment Agency ("Agency"). These activities include monitoring and making payments on the enforceable obligations of the former Agency, disposing of the former Agency's properties and other assets, preparing and submitting financial reports to comply with the requirements of the State, County, and other agencies/parties, and providing administrative support to the Oversight Board.

The Successor Agency has arranged with the City of El Cajon to provide staff services and supplies/materials to administer the responsibilities of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and/or expertise necessary for the wind down of the former Agency.

The Fiscal Year 2017-18 budget for the Successor Agency administrative costs and the sources of payments for the administrative costs are identified in the table below. Actual costs for each administrative category may be higher or lower than the amounts shown, not to exceed the aggregate total administrative cost allowance for the fiscal year of \$250,000 or up to three percent of the property tax allocation, which ever is greater.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Administration City Staff:						
Personnel	8	744,391	60,000	100,000	100,000	200,000
Professional/Technical Services:						
Legal	8	47,421	6,000	8,000	8,000	16,000
Finance, Accounting & Audit	8	12,025	-	5,000	5,000	10,000
Records Management	8	1,840	400	200	200	400
Other Professional/Technical	8	4,344	-	10,000	10,000	20,000
Supplies, Materials, Miscellaneous:						
Office Supplies	8	1,188	400	200	200	400
Postage & Shipping	8	100	-	-	-	-
Public Notices	8	575	100	200	200	400
Trainings/Meetings	8	685	100	400	400	800
Miscellaneous Supplies/Services	8	-	-	1,000	1,000	2,000
TOTAL ADMINISTRATION		812,569	67,000	125,000	125,000	250,000
Sources of Funds:						
Other Funds		25,537	-	-	-	-
Redevelopment Property Tax Trust Funds (RPTTF)		787,032	67,000	125,000	125,000	250,000
TOTAL FUNDING		812,569	67,000	125,000	125,000	250,000

SUCCESSOR AGENCY FUNDS FISCAL YEAR 2017-18

ACTIVITY: Successor Agency - Capital Projects

ACTIVITY NO: 0590000

With the dissolution of redevelopment agencies on February 1, 2012, management and monitoring of the real properties, ongoing projects, and agreements of the former redevelopment agency were transferred to the Successor Agency. The Fiscal Year 2017-18 Successor Agency budget for capital projects includes funding for the maintenance and disposition of real properties and carrying out existing cleanup plans of contaminated sites.

The Fiscal Year 2017-18 budget for the Successor Agency capital projects and the funding sources for these projects are summarized in the table below. Budget details are provided in the accompanying project sheets.

PROJECT NAME	PROJECT NO.	PROPOSED BUDGET
Hazardous Material Testing - Park & Ballantyne	RD0704S	80,000.00
Hazardous Material Testing - Prescott Promenade	RD0705S	12,000.00
Former Police Station - 100 Fletcher Parkway	RD0801S	54,000.00
Civic Center Complex Revitalization Project	RDR0703S	21,000.00
TOTAL PROJECT		\$ 167,000.00
FUNDING SOURCES		FUNDING
Reserve Balance		17,000.00
Other Funds (Rent, Interest, Grants, Miscellaneous)		150,000.00
Redevelopment Property Tax Trust Fund (RPTTF)		-
TOTAL FUNDING		\$ 167,000.00

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: Successor Agency - Capital Projects
PROJECT: Hazardous Materials Testing - Park & Ballantyne

ACTIVITY 0590900
PROJECT NO: RD0704S

This project provides for environmental remediation of a former Brownfields Site of a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased the property for a residential development. On December 16, 2003, the Agency entered into a Reimbursement and Indemnity Agreement with Priest Development Corporation where the Agency indemnified the developer, and/or agreed to reimburse the developer for the costs of removing hazardous wastes.

On September 15, 2015, the California Regional Water Quality Control Board, San Diego Region ("San Diego Water Board") denied the Successor Agency's request for a site closure and directed the Successor Agency to further investigate the nature, extent, and mobility of highly contaminated groundwater plume that was recently detected in the monitoring wells. The San Diego Water Board also directed the Successor Agency to conduct necessary corrective actions to bring the site to closure in accordance to the State's Low-Threat Closure Policy.

Fiscal Year 2017-18 budget for this Successor Agency project provides funding for environmental remediation costs associated with the Reimbursement and Indemnity Agreement.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Project Management City Staff:						
Personnel	63	19,965	-	-	-	-
Remediation:						
Legal	11	124	-	-	-	-
Remediation - Developer/SCS	11	119,925	30,000	40,000	40,000	80,000
TOTAL PROJECT		140,014	30,000	40,000	40,000	80,000
Source(s) of Funds:						
Other Funds		92,440	30,000	40,000	40,000	80,000
Redevelopment Property Tax Trust Funds (RPTTF)		47,574	-	-	-	-
TOTAL FUNDING		140,014	30,000	40,000	40,000	80,000

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: Successor Agency - Capital Projects
PROJECT: Hazardous Materials Testing - Prescott Promenade

ACTIVITY 0590900
PROJECT NO: RD0705S

This project provides for environmental remediation of a former Brownfields Site with a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased and developed the property to a public park. The Agency entered into a Settlement Agreement with the former owners, Texaco, Shell Oil, and Unocal, for shared responsibility of the hazardous waste cleanup efforts. The Agency is responsible for 20% of all future cleanup costs. Ongoing monitoring will occur at the site until four consecutive quarters of testing result to minimal findings that comply with the San Diego County Department of Environmental Health's requirements for closure status.

Fiscal Year 2017-18 budget for this Successor Agency project provides funding for environmental remediation and legal costs associated with the Settlement Agreement.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Project Management City Staff :						
Personnel	67	1,534	-	-	-	-
Remediation :						
Legal	12	31	-	500	500	1,000
Settlement Agreement (20%)	12	-	-	5,500	5,500	11,000
TOTAL PROJECT		1,565	-	6,000	6,000	12,000
Source(s) of Funds:						
Reserve Balance		-	-	6,000	6,000	12,000
Redevelopment Property Tax Trust Funds (RPTTF)		1,565	-	-	-	-
TOTAL FUNDING		1,565	-	6,000	6,000	12,000

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: Successor Agency - Capital Projects
PROJECT: 100 Fletcher Parkway (Former Police Station)

ACTIVITY 0590900
PROJECT NO: RD0801S

The former police station located at 100 Fletcher Parkway, a key parcel within the Project Area, became available for redevelopment in Fall 2011. The former El Cajon Redevelopment Agency entered into an enforceable obligation with the City through the execution of a Purchase and Sale Agreement, Promissory Note and Deed of Trust, and acquired the property on June 16, 2011. With the dissolution of the redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with managing and overseeing the property to ensure that maintenance is performed and necessary actions are taken to prevent waste and blighting conditions, which would cause a reduction in the value of the asset and negatively impact the businesses and economic growth in the immediate vicinity.

On October 2, 2015, the California Department of Finance (DOF) approved an Exclusive Negotiation Agreement (ENA) between the Successor Agency and Brixton Capital and Excel Hotel Group Inc. for the disposition of the real property. Upon completion of the negotiations, the terms of the sale of the property will be contained in a Disposition Development Agreement to be presented to the Oversight Board and DOF for approval.

The Fiscal Year 2017-18 budget for this Successor Agency project provides funding for ongoing maintenance, management and disposition costs of the property.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Project Management City Staff :						
Personnel	71	88,250	10,000	6,000	6,000	12,000
Promissory Note Payments:						
Principal & Interest	16	4,658,403	228,200	-	-	-
Professional/Technical Services:						
Legal	70	47	-	-	-	-
Property Maintenance:						
Repairs & Maintenance	15	18,306	2,000	3,000	3,000	6,000
Property Taxes & Insurance	15	26,105	7,500	5,000	5,000	10,000
Utilities	15	45,738	1,300	1,500	1,500	3,000
Other Professional/Technical	15	655	-	3,000	2,000	5,000
Property Disposition:						
Appraisal	72	9,500	-	-	-	-
Other Professional/Technical	72	5,384	1,000	7,500	7,500	15,000
Title, Escrow & Misc. Fees	72	64	-	1,500	1,500	3,000
TOTAL PROJECT		4,852,452	250,000	27,500	26,500	54,000
Source(s) of Funds:						
Other Funds		-	-	27,500	26,500	54,000
Redevelopment Property Tax Trust Funds (RPTTF)		4,852,452	250,000	-	-	-
TOTAL FUNDING		4,852,452	250,000	27,500	26,500	54,000

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: Successor Agency - Capital Projects
PROJECT: Civic Center Complex Revitalization Project

ACTIVITY 0590900
PROJECT NO: RDR0703S

This project primarily served to acquire properties in the downtown area for the development of a mixed-use project and the construction of a public parking facility. As the downtown El Cajon revitalization continues, the City acquired three properties from the Successor Agency for the development of a hotel. These properties included the following sites in the Amended Long Range Property Management Plan ("Amended Plan"): Site #9 Rea public parking lot (APN 488-072-40-00); Site #13 141 Magnolia Ave (APN 488-082-18-00), and Site #14 118-130 Rea Ave (APN 488-082-12-00). The City entered into compensation agreements with the affected taxing entities for the acquisition of the properties; and in December 2014, the sale/transfer of the properties was approved by the Oversight Board and California Department of Finance (DOF). The remaining parcel in this project, Site #12 at 115 Rea Ave (APN 488-083-03-00), is available for sale in the open market subject to approval by the Oversight Board and DOF.

The Fiscal Year 2017-18 budget for this Successor Agency project provides funding for ongoing maintenance and management and disposition costs of the remaining property at 115 Rea Avenue.

	ROPS Line No.	Prior Years Actual	2016-17 Estimated	2017-18 July- December Proposed	2017-18 January - June Proposed	2017-18 Total Proposed
Project Management City Staff :						
Personnel	87	12,340	-	-	-	-
Professional/Technical Services:						
Environmental Testing-Ninyo & Moore	85	4,836	-	-	-	-
Property Maintenance:						
Repairs & Maintenance	21	2,252	3,000	2,000	1,800	3,800
Property Taxes & Insurance	21	39,944	2,200	1,300	1,000	2,300
Utilities	21	716	200	200	200	400
Property Disposition:						
Appraisal	89	27,150	-	2,500	2,500	5,000
Other Professional/Technical	89	-	-	4,000	3,500	7,500
Title, Escrow & Misc. Fees	89	6	-	1,000	1,000	2,000
TOTAL PROJECT		87,244	5,400	11,000	10,000	21,000
Source of Funds:						
Reserve Balance		-	-	-	5,000	5,000
Other Funds		881	-	11,000	5,000	16,000
Redevelopment Property Tax Trust Funds (RPTTF)		86,363	5,400	-	-	-
TOTAL FUNDING		87,244	5,400	11,000	10,000	21,000

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: Successor Agency-2005 Bonds Housing Projects

ACTIVITY NO: 0295900

With the dissolution of redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with managing the proceeds from the 2005 Tax Allocation Bonds and identifying potential housing projects consistent with the bond covenants. The Fiscal Year 2017-18 budget for this activity includes funding for the El Cajon Housing Authority affordable housing project at 230 S. Sunshine Avenue.

The Fiscal Year 2017-18 budget for the Successor Agency 2005 Bonds Housing Projects provides funding to the El Cajon Housing Authority for housing project summarized in the table below.

	City Project No.	ROPS Line No.	2016-17 Estimated	2017-18 Proposed Budget
Project Contribution:				
Housing Authority Development & Revitalization Projects - Cornerstone Place at 230 S. Sunshine Ave	HA1501	92	-	700,000
TOTAL PROJECT			-	700,000
Source of Funds:				
2005 Tax Allocation Bonds - Housing			-	700,000
TOTAL FUNDING			-	700,000

- -

SUCCESSOR AGENCY FISCAL YEAR 2017-18

ACTIVITY: **Successor Agency-2007 Bonds Capital Projects**

ACTIVITY NO: **0597900**

With the dissolution of redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with the managing the proceeds from the 2007 Tax Allocation Bonds and identifying potential capital improvement and infrastructure projects within the Project Area. The Fiscal Year 2017-18 budget for the Successor Agency 2007 Bonds Capital Projects includes funding for the capital improvement projects that are consistent with the bond covenants.

Fiscal Year 2017-18 budget for the Successor Agency 2007 Bonds Capital Projects provides funding to the City of El Cajon for capital improvement projects summarized in the table below.

	City Project No.	ROPS Line No.	2016-17 Estimated	2017-18 Proposed Budget
Project Contributions				
Ronald Reagan Community Center Renovation (RD1503S)	PK3508	95	1,139,900	50,000
East County Performing Arts Center (ECPAC) Improvements (RD1504S)	IFM3471	98	-	920,000
TOTAL PROJECT			1,139,900	970,000
Source of Funds:				
2007 Tax Allocation Bonds			1,139,900	970,000
TOTAL FUNDING			1,139,900	970,000

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
January 18, 2017 Meeting

SUBJECT: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS 17-18”) FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018

RECOMMENDED ACTION: That the Oversight Board adopts the proposed Resolution OB-02-17 to:

1. Approve the ROPS 17-18 for the period July 1, 2017 to June 30, 2018;
2. Authorize the Chair to execute the approved ROPS 17-18 for submission to the California Department of Finance (“DOF”), San Diego County Auditor Controller (“CAC”) and to post the ROPS 17-18 on the Successor Agency website no later than February 1, 2017; and
3. Authorize the Successor Agency staff to carry out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Loan (Cooperation Agreement), approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the ROPS 17-18, including re-entering into third party service agreements pursuant to City of El Cajon adopted policies, procedures and practices, for continuation of projects.

BACKGROUND:

Pursuant to Health and Safety Code section 34177, subdivision (o)(1), commencing with the Recognized Obligation Payment Schedule (“ROPS”) covering the period from July 1, 2016 to June 30, 2017 and thereafter, the Successor Agency is required to submit an Oversight Board approved ROPS to the DOF and CAC by February 1 of each year.

The proposed ROPS 17-18 for the period of July 1, 2017 through June 30, 2018 (“ROPS 17-18”) is attached and must be approved by the Oversight Board for submission to the DOF and CAC. The DOF will complete its review no later than April 14, 2017 and make a determination as to whether the items are allowable. Any modifications by the DOF following its review and initial determination will be subject to a meet and confer process.

The ROPS 17-18 was prepared using the format provided by the DOF and includes the following four (4) schedules:

- **Summary Form** - provides a summary of the current ROPS period funding request totals by funding source. The funding sources include Bond Proceeds, Reserve Balances, Other Funds (include rents, grants, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency), and Redevelopment Property Tax Trust Fund (“RPTTF”).

Oversight Board Agenda Report
Approval of Recognized Obligation Payment Schedule
("ROPS 17-18") for the period of July 1, 2017 to June 30, 2018
January 18, 2017 Agenda

- **ROPS Detail** - lists the Agency's outstanding obligations, debts, and payments scheduled by funding source.
- **Report of Cash Balances** - presents the changes in cash balances of the funding sources available to the Successor Agency.
- **Notes** - provides additional information for the current ROPS period's items.

Enforceable obligations, activities, and projects identified in the ROPS 17-18 are further detailed in the Successor Agency Fiscal Year 2017-18 Budget, which is a companion item on today's Oversight Board agenda.

Finally, in conducting its ongoing business in winding down the affairs of the former El Cajon Redevelopment Agency, the Successor Agency will utilize the policies, procedures and practices of the City of El Cajon unless or until the Oversight Board establishes different procedures in the future.

FISCAL IMPACT: This action will approve the Recognized Obligation Payment Schedule for the period of July 1, 2017, through June 30, 2018. The total funding requested by the Successor Agency for these enforceable obligations is \$6,788,377.

ATTACHMENTS:

1. Proposed Resolution OB-02-17
2. Proposed Recognized Obligation Payment Schedule for the period July 1, 2017 to June 30, 2018 (ROPS 17-18)

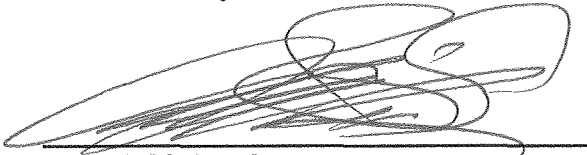
Oversight Board Agenda Report
Approval of Recognized Obligation Payment Schedule
("ROPS 17-18") for the period of July 1, 2017 to June 30, 2018
January 18, 2017 Agenda

Prepared by:



Clay Schoen
Director of Finance

Reviewed by:



Majed Al-Ghafry
Secretary / Assistant City Manager

Approved by:



Douglas Williford
Executive Director/City Manager

RESOLUTION NO. OB-02-17

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2017, TO JUNE 30, 2018

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency to the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on January 18, 2017, at which time it considered a proposed Recognized Obligation Payment Schedule for the period of July 1, 2017, to June 30, 2018 ("ROPS 17-18"); and

WHEREAS, the Successor Agency requested funding under ROPS 17-18 totaling \$6,788,377 for fiscal year 2017-18 from all sources, including \$1,670,000 from Bond Proceeds, \$852,000 from Reserve Balance, \$150,000 from Other Funds, and \$4,116,377 from the Redevelopment Property Tax Trust Fund ("RPTTF").

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

- A. The Oversight Board finds that:
 - 1. The recitals above are true and correct and are incorporated herein by this reference.
 - 2. Approval of the ROPS 17-18 is exempt from the California Environmental Quality Act (CEQA) under section 15061(b)(3) (General Rule) of the CEQA Guidelines because approval of the proposed ROPS is not a project that has the potential for causing a significant effect on the environment.
- B. The Oversight Board hereby APPROVES the Recognized Obligation Payment Schedule for the period of July 1, 2017, to June 30, 2018, in the form and content attached hereto as **Exhibit "A"** and incorporated herein by this reference, with a total due during Fiscal Year 2017-2018 of \$6,788,377, including \$1,670,000 from Bond Proceeds, \$852,000 from Reserve Balance, \$150,000 from Other Funds, and \$4,116,377 from RPTTF, subject to any minor conforming, technical, or clarifying changes approved by the City Manager, acting in his capacity as the Chief Executive Officer for the Successor Agency, or such person designated by the City Manager.

- C. The Oversight Board hereby AUTHORIZES the Chair to execute the approved Recognized Obligation Payment Schedule for the period of July 1, 2017 to June 30, 2018, for submission to the County Auditor Controller, State Department of Finance, and to post the ROPS 17-18 on the Successor Agency's website not later than February 1, 2017.
- D. The Oversight Board hereby AUTHORIZES Successor Agency staff to carry out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan, approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS 17-18, including re-entering into third party service agreements pursuant to City of El Cajon adopted policies, procedures, and practices, for continuation of projects.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 18th day of January, 2017, by the following vote to wit:

AYES:
NOES:
ABSENT:

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency: El Cajon
 County: San Diego

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 2,169,500	\$ 502,500	\$ 2,672,000
B Bond Proceeds	1,250,000	420,000	1,670,000
C Reserve Balance	841,000	11,000	852,000
D Other Funds	78,500	71,500	150,000
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 2,498,658	\$ 1,617,719	\$ 4,116,377
F RPTTF	2,373,658	1,492,719	3,866,377
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 4,668,158	\$ 2,120,219	\$ 6,788,377

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.

 Name Title
 /s/ _____
 Signature Date

EI Cajon Recognized Obligation Payment Schedule (ROPS 17-18) - ROPS Detail

July 1, 2017 through June 30, 2018

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	17-18A (July - December)					Q	17-18B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 17-18 Total						17-18A Total					17-18B Total		
								\$ 96,036,248		\$ 6,788,377	\$ 1,250,000	\$ 841,000	\$ 78,500	\$ 2,373,658	\$ 125,000	\$ 4,668,158	\$ 420,000	\$ 11,000	\$ 71,500	\$ 1,492,719	\$ 125,000	\$ 2,120,219	
1	EI Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2000	Bonds Issued On or Before 12/31/10	8/25/2000	10/1/2030	Bank of New York	2000 Bonds - Refunding of bank notes payable & use of proceeds for housing and non-housing projects	Central Business District/ Amended Area	28,053,208	N	\$ 1,261,965		27,500		632,027		\$ 659,527				602,438		\$ 602,438	
2	EI Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2005	Bonds Issued On or Before 12/31/10	8/17/2005	10/1/2036	Bank of New York	2005 Bonds - Refunding of 1997 issue & use of proceeds for housing and non-housing projects	Central Business District/ Amended Area	46,206,988	N	\$ 2,497,693		612,500		1,262,628		\$ 1,875,128				622,565		\$ 622,565	
3	EI Cajon Redevelopment Agency Tax Allocation Bonds, Issue of 2007	Bonds Issued On or Before 12/31/10	3/14/2007	10/1/2037	Bank of New York	2007 Bonds - Use of bond proceeds for non-housing projects	Central Business District/ Amended Area	19,670,052	N	\$ 922,719		195,000		465,503		\$ 660,503				262,216		\$ 262,216	
4	EI Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Fees	8/25/2000	10/1/2037	Bank of New York, Bond Logistix, Bond Counsels, County of San Diego	Fiscal agent and trustee administration, arbitrage calculation, and bond counsel services	Central Business District/ Amended Area	11,000	N	\$ 11,000				8,000		\$ 8,000				3,000		\$ 3,000	
5	EI Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Professional Services	8/25/2000	10/1/2037	RAMS,LLP CPA (current auditors)	Financial auditing services to file an annual audited financial statements with the format required by the bond indentures continuing disclosure.	Central Business District/ Amended Area	8,000	N	\$ 8,000				5,500		\$ 5,500				2,500		\$ 2,500	
8	Successor Agency Administration	Admin Costs	6/29/2011	10/1/2037	City of EI Cajon - Successor Agency	Staff costs, supplies/equipment, records services, meetings	Central Business District/ Amended Area	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000	
11	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	9/21/2012	10/1/2037	Priest Development (RPTTF) SCS Engineers (Grant) County of San Diego DEH, Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services and County reimbursement/fees for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA	Central Business District/ Amended Area	80,000	N	\$ 80,000			40,000			\$ 40,000			40,000			\$ 40,000	
12	RD0705S - Hazmat Testing Prescott Promenade	Remediation	10/4/1995	10/1/2037	Phyllis Chrisman Trust Fund c/o Mark Feinberg, Attorney. Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/ Amended Area	12,000	N	\$ 12,000		6,000				\$ 6,000		6,000				\$ 6,000	
13	RD0706S - Southwest Corner Environmental Testing	Remediation	8/6/2012	10/1/2037	County of San Diego - DEH Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services and County reimbursement/fees for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	-	N	\$ -						\$ -						\$ -	
15	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Maintenance	6/16/2011	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of EI Cajon, County of San Diego, various vendors	100 Fletcher Parkway - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance to prevent blight conditions in the property and surrounding areas.	Central Business District/ Amended Area	24,000	N	\$ 24,000			12,500			\$ 12,500		11,500				\$ 11,500	
16	RD0801S - 100 Fletcher Parkway (Former Police Station)	City/County Loan (Prior 06/28/11), Property transaction	6/16/2011	12/1/2016	City of EI Cajon	100 Fletcher Parkway - Promissory note on purchase and sale agreement	Central Business District/ Amended Area	-	Y	\$ -						\$ -						\$ -	
21	RDR0703S - Civic Center Complex Revitalization Project	Property Maintenance	6/23/2009	10/1/2037	SDGE, Helix Water, Ahlee, National Construction Rentals, City of EI Cajon, County of San Diego, Downtown EI Cajon Business Partners, various vendors	Civic Center Complex - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing maintenance to prevent blight conditions in the properties and surrounding areas.	Central Business District/ Amended Area	6,500	N	\$ 6,500			3,500			\$ 3,500		3,000				\$ 3,000	
63	RD0704S - Hazmat Testing Park/Ballantyne	Project Management Costs	12/16/2003	10/1/2037	City of EI Cajon	Project staff costs for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA			Y														
64	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	12/16/2003	10/1/2037	Property Owners at Park Magnolia Villas	Settlement/reimbursement due to property owners at Park Magnolia Villas, former Brownfields site, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/ Amended Area	-	N	\$ -						\$ -							\$ -
67	RD0705S - Hazmat Testing Prescott Promenade	Project Management Costs	10/4/1995	10/1/2037	City of EI Cajon	Project staff costs for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/ Amended Area	-	N	\$ -						\$ -							\$ -
70	RD0801S - 100 Fletcher Parkway (Former Police Station)	Legal	6/16/2011	10/1/2037	McDougal Love Eckis Boehmer & Foley	100 Fletcher Parkway - Legal services for property maintenance, hazardous materials testing/abatement and preparation of the real property for disposition.	Central Business District/ Amended Area		N	\$ -						\$ -							\$ -

EI Cajon Recognized Obligation Payment Schedule (ROPS 17-18) - ROPS Detail

July 1, 2017 through June 30, 2018

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	17-18A (July - December)					Q	17-18B (January - June)					W
											Fund Sources						Fund Sources					
											L	M	N	O	P		R	S	T	U	V	
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 17-18 Total						17-18A Total						17-18B Total
71	RD0801S - 100 Fletcher Parkway (Former Police Station)	Project Management Costs	6/16/2011	10/1/2037	City of El Cajon	100 Fletcher Parkway - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real property for disposition.	Central Business District/ Amended Area	12,000	N	\$ 12,000			6,000			\$ 6,000			6,000			\$ 6,000
72	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Dispositions	7/1/2013	10/1/2037	Andrew A. Smith, Commercial Properties Group, Retail Insite, Legal services (McDougal Love Eckis Boehmer & Foley)	100 Fletcher Parkway - Appraisal fees, broker fees, legal costs, public notices, and other costs associated with the disposition of the real property.	Central Business District/ Amended Area	18,000	N	\$ 18,000			9,000			\$ 9,000			9,000			\$ 9,000
86	RDR0703S - Civic Center Complex Revitalization Project	Legal	6/23/2009	10/1/2037	McDougal Love Eckis Boehmer & Foley	Civic Center Complex - Legal services for maintenance issues, hazardous materials testing/abatement, and preparation of the properties for disposition.	Central Business District/ Amended Area	-	N	\$ -						\$ -						\$ -
87	RDR0703S - Civic Center Complex Revitalization Project	Project Management Costs	6/23/2009	10/1/2037	City of El Cajon	Civic Center Plaza - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real properties for disposition.	Central Business District/ Amended Area	-	N	\$ -						\$ -						\$ -
89	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	7/1/2013	10/1/2037	Andrew A. Smith, Commercial Properties Group, Retail Insite, Legal services (McDougal Love Eckis Boehmer & Foley) and various vendors.	Civic Center Plaza - Appraisal fees, broker fees, legal, closing costs, public notices, and other costs associated with the disposition of the real property.	Central Business District/ Amended Area	14,500	N	\$ 14,500			7,500			\$ 7,500		5,000	2,000			\$ 7,000
92	HA1501 - Housing Authority Development and Revitalization Activities	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Production, replacement, and/or preservation of affordable housing units	Central Business District/ Amended Area	700,000	N	\$ 700,000	700,000					\$ 700,000						\$ -
94	RD1502S - Fire Station 6 Renovation	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Fire Station 6 Renovation	Central Business District/ Amended Area	-	Y	\$ -						\$ -						\$ -
95	RD1503S - Ronald Reagan Community Center Renovation	Improvement/Infrastructure	7/1/2014	10/1/2037	City of El Cajon	Ronald Reagan Community Center Renovation	Central Business District/ Amended Area	50,000	N	\$ 50,000	50,000					\$ 50,000						\$ -
98	RD1504S - East Count Performing Arts Center Improvements	Improvement/Infrastructure	7/1/2015	10/1/2037	City of El Cajon	East County Performing Arts Center Improvements	Central Business District/ Amended Area	920,000	N	\$ 920,000	500,000					\$ 500,000	420,000					\$ 420,000

**EI Cajon Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, [see Cash Balance Tips Sheet.](#)

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
ROPS 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)	5,121,746	-	24,043		1,754,191	317,771	RPTTF cash balance as of 1/1/2016 includes \$91,640 of unspent administration allowance from ROPS 15-16A	
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016	3,169,023				23,308	5,450,779	ROPS 15-16B RPTTF \$2,667,699 (Jan-2016) ROPS 16-17A RPTTF \$2,783,080 (Jun-2016)	
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)	1,009,582		2,945		1,665,934	2,695,183	\$800,000 (ROPS 15-16B) of RPTTF for 10/1/16 debt service payments were transferred to fiscal agent upon receipt from the County, as directed by DOF.	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	4,478,127					2,360,079	\$2,360,079 (ROPS 16-17A) of RPTTF for 10/1/16 debt service payments were transferred to fiscal agent upon receipt from the County, as directed by DOF.	
5	ROPS 15-16B RPTTF Balances Remaining	No entry required						142,725	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 2,803,060	\$ -	\$ 21,098	\$ -	\$ 111,565	\$ 570,563		



CITY OF EL CAJON SUCCESSOR AGENCY

MEMORANDUM

DATE: January 18, 2017

TO: Oversight Board Members

FROM: Director of Finance

SUBJECT: Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2016, and Written Communication Between Auditor and Client

The Basic Financial Statements are prepared annually to present the Successor Agency's financial condition and fiscal year end results of the Agency's activities and to comply with the bonds' continuing disclosure requirement to file an Annual Report that included audited financial statements. The financial statements have been audited by the firm of Rogers, Anderson, Malody & Scott, LLP, whose Independent Auditor's Report states that, in their opinion, the financial statements are presented fairly in all material respects and are in conformance with GAAP.

The Statement on Auditing Standards 114 (SAS114) requires communication between the auditor and client in relation to the audit of financial statements. SAS 114 identifies certain information that must be provided such as qualitative aspects of accounting practices, management representation, and other audit findings or issues, among others. This information is communicated to the Oversight Board in the attached auditor's letter dated December 15, 2016.

Clay Schoen
Director of Finance



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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To the Oversight Board
Successor Agency of the El Cajon Redevelopment Agency

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Daniel Hernandez, CPA, MBA
Lisa Dongxue Guo, CPA, MSA

We have audited the financial statements of the Successor Agency of the El Cajon Redevelopment Agency (Agency) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. The Agency adopted Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The standard did not have a material effect on the Agencies financial statements. No new other accounting policies were adopted and the application of existing policies was not changed during the year to June 30, 2016. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

Prepaid bond insurance and amortization is based on the allocation of the asset over the life of the bond issue.

Accrued interest payable and interest expense are based on the allocation of actual debt service payments to the proper reporting period in accordance with full accrual accounting.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the dissolution of the former Redevelopment Agency of the City of El Cajon in Note A to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

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Quality Center*

California Society of
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Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2016.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Oversight Board and management of Successor Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, CA
December 15, 2016

Successor Agency to the El Cajon Redevelopment Agency

**Basic Financial Statements and
Independent Auditor's Report**

For the year ended June 30, 2016



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**Successor Agency to the
El Cajon Redevelopment Agency
Basic Financial Statements
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To the Oversight Board
Successor Agency to the El Cajon Redevelopment Agency
El Cajon, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Successor Agency to the El Cajon Redevelopment Agency (the Agency), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PARTNERS

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency to the El Cajon Redevelopment Agency, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on summarized comparative information

We have previously audited the Agency's 2015 financial statements, and our report dated December 1, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other matters

Required supplementary information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
December 15, 2016

**Successor Agency to the
El Cajon Redevelopment Agency
Statement of Fiduciary Net Position
June 30, 2016
(with comparative data for prior year)**

	2016	2015
ASSETS		
Cash and investments	\$ 2,075,654	\$ 5,833,327
Cash and investments with fiscal agent	6,055,273	5,683,345
Receivables:		
Interest	7,085	1,670
Loans	2,550,000	2,550,000
Prepaid bond insurance	128,602	134,726
Assets held for resale	5,503,599	8,529,531
Total assets	16,320,213	22,732,599
LIABILITIES		
Accounts payable and accrued liabilities	24,359	203,875
Interest payable	767,544	786,163
Current portion of long-term debt	1,827,853	3,486,881
Long-term debt	56,759,472	58,314,946
Total liabilities	59,379,228	62,791,865
NET POSITION (DEFICIT)		
Held in trust for other purposes	\$ (43,059,015)	\$ (40,059,266)

The accompanying notes are an integral part of these financial statements.

**Successor Agency to the
 El Cajon Redevelopment Agency
 Statement of Changes in Fiduciary Net Position
 For the year ended June 30, 2016
 (with comparative data for prior year)**

	<u>2016</u>	<u>2015</u>
ADDITIONS		
Property taxes	\$ 5,450,780	\$ 6,418,028
Intergovernmental	22,689	36,112
Investment earnings	29,047	22,710
Loss from assets held for resale	(1,248,672)	(292,831)
Other	-	29,317
	<u>4,253,844</u>	<u>6,213,336</u>
 DEDUCTIONS		
Administrative expenses	75,089	152,301
Program/project expenses	2,342,166	1,572,809
Disposition of capital assets	-	5,631,783
Payments to affected taxing entities	1,639,947	728,564
Interest and fiscal agency expenses	3,196,391	3,281,310
	<u>7,253,593</u>	<u>11,366,767</u>
 Total deductions		
Change in net position	(2,999,749)	(5,153,431)
Net deficit, beginning of the fiscal year	<u>(40,059,266)</u>	<u>(34,905,835)</u>
Net deficit, ending of the fiscal year	<u>\$ (43,059,015)</u>	<u>\$ (40,059,266)</u>

The accompanying notes are an integral part of these financial statements.

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note A: Organization and Summary of Significant Accounting Policies

The basic financial statements of the Successor Agency of the El Cajon Redevelopment Agency (the Successor Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Successor Agency's accounting policies are described below.

1. Reporting entity

On January 10, 2012, the City of El Cajon elected to be the successor agency to the former El Cajon Redevelopment Agency (the Agency). Upon the dissolution of California redevelopment agencies on February 1, 2012, the Successor Agency is tasked with the responsibility of winding down the dissolved redevelopment agency's affairs, continuing to meet the former agency's enforceable obligations, overseeing completion of redevelopment projects, and disposing of the assets and properties of the former redevelopment agency; all as directed and approved by the Oversight Board. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area. The Oversight Board of the Successor Agency is comprised of seven members as follows:

- County Board of Supervisors (two members)
- Mayor of the City of El Cajon (one member)
- County Superintendent of Education (one member)
- Chancellor of California Community Colleges (one member)
- Largest special district taxing entity (one member); and
- Mayor of City of El Cajon representing the employees of the former redevelopment agency (one member).

City of El Cajon employees perform the necessary day-to-day activities of the Successor Agency to bring existing projects to completion, collect information and perform analysis regarding disposal of agency assets, and provide administrative support to the Oversight Board.

The Successor Agency's assets and activities are accounted for in a fiduciary fund (private-purpose trust fund), since the Successor Agency is not a component unit of the City of El Cajon's financial reporting entity.

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note A: Organization and Summary of Significant Accounting (continued)

2. Basis of accounting and measurement focus

The Successor Agency serves as the custodian of the assets for the dissolved redevelopment agency. Based on the nature of this custodial role, the assets and liabilities of the dissolved redevelopment agency are reported as a fiduciary fund ("private-purpose trust fund"). The private-purpose trust fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Private-purpose trust funds are accounted for using the "economic resources" measurement focus and accrual basis of accounting. Accordingly, all of the Successor Agency's assets and liabilities (both current and noncurrent) are included in the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions to and deductions from the total net position. Deductions are recorded in the period in which the liability is incurred while additions are recognized in the period in which they are earned. Property taxes are recognized in the fiscal year for which they are levied.

3. Property tax

The Successor Agency's primary source of funding is property taxes allocated by the San Diego County-Auditor's Office (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). The allocation of property taxes is related to the repayment of the former redevelopment agency's enforceable obligations. The Successor Agency prepares a Recognized Obligations Payment Schedule (ROPS) estimating the RPTTF funds required to pay its obligations for each six-month period (January-June and July-December.) The ROPS is subject to review and approval of the Oversight Board, CAC, and State Department of Finance (DOF).

The Successor Agency receives an allocation of property taxes for its approved ROPS items after payments of the County's administrative costs and pass-through payments to affected taxing entities. In addition to the ROPS payments, the Successor Agency is allocated annually an administrative allowance equal to 3% of the approved RPTTF funding or the minimum amount of \$250,000, whichever is greater.

The County of San Diego (County) assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities. The County distributes property taxes collected and deposited in the RPTTF to the successor agencies and the residual balances to other taxing entities in January and June of each year.

The Successor Agency has no power to levy and collect taxes, and any legislative property tax reduction might decrease the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds and other obligations. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions, would increase the amount of tax revenues that would be available to pay enforceable obligations.

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note A: Organization and Summary of Significant Accounting Policies (continued)

4. Annual budget

Prior to the beginning of the fiscal year, the Oversight Board of the Successor Agency adopts an annual budget for the conduct of necessary activities, including administration, of the former redevelopment agency. Supplemental appropriations required during the period may also be approved by the Board.

5. Cash and investments

The cash and investments held by the Successor Agency are pooled in the City's cash and investments, except for cash held by the fiscal agents and funds invested in a Successor Agency Local Agency Investment Fund (LAIF) account. The Successor Agency's share in this pool is displayed in the accompanying basic financial statements as *cash and investments*. Based on monthly average cash and investment balances, investment income earned by the pooled investments is allocated quarterly to the various City funds, City component units, and for certain agencies, including the Successor Agency.

The Successor Agency participates in LAIF, an investment pool managed by the State of California. Investments are reported at fair value and changes in fair value that occur during a fiscal year are reported as *investment earnings* for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

6. Assets held for resale

Assets held for resale, consisting of real property and equipment, are recorded at the lower of acquisition cost or estimated resale value.

7. Liabilities

Liabilities reflect the Successor Agency's financial obligations as of June 30, including the repayment of tax allocation bonds issued by the former redevelopment agency. Bond issuance and discount costs are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of bond discount.

8. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the related reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note A: Organization and Summary of Significant Accounting Policies (continued)

9. Implementation of new pronouncements

During the current fiscal year, the Agency adopted Governmental Accounting Standards Board Statement (GASBS) No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASBS 72 established a fair value hierarchy with Levels I, II and III.

Note B: Cash and investments

Cash and investments, as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Cash and investments	\$ 2,075,654
Restricted cash and investments with fiscal agent	6,055,273
	6,055,273
Total cash and investments	\$ 8,130,927
	8,130,927

Cash and investments, as of June 30, 2016, consist of the following:

Cash on hand and deposits in City pool	\$ 1,184,703
Investments	6,946,224
	6,946,224
Total cash and investments	\$ 8,130,927
	8,130,927

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note B: Cash and investments (continued)

Equity in the cash and investment pool of the City of El Cajon

The Successor Agency participates in the cash and investment pool managed by the City of El Cajon. The pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council. The Successor Agency did not adopt an investment policy separate from that of the City of El Cajon. The cash and investment pool, other than debt proceeds held in restricted accounts, may be invested in any instrument authorized by the California Government Code Section 53601 and by the City's investment policy. The list of investment types authorized for the City is provided in the cash and investment notes to the basic financial statements of the City.

The Successor Agency's cash and investment pooled in the City's cash and investment is reported in the accompanying financial statements at fair value amounts based upon the Successor Agency's pro-rata share of the fair value calculated for the entire City portfolio.

Investments authorized by debt agreements

Investment of debt proceeds with fiscal agents is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments with fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
General Obligations of States	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)*	N/A	None	\$65,000,000

*LAIF policy permits up to \$65,000,000 per entity

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note B: Cash and investments (continued)

Investment in State investment pool

The Successor Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the investment in this pool is stated at amounts based upon the Successor Agency's pro-rata share of fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$65,000,000.

Risk disclosures

Interest rate risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. Exposure to interest rate risk is minimized by purchasing a combination of shorter term and longer term investments and by timing the cash flows from maturities so that a portion of the portfolio is maturing and or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

The Successor Agency's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City is provided by disclosures in the notes to the basic financial statements of the City that show the distribution of the City's investments by maturity.

The sensitivity of the Successor Agency's investments to market interest rate fluctuations is minimized with the following investments maturing at 12 months or less:

Investment Type	Maturity at 12 Months or Less
State Investment Pool	\$ 890,951
Held by fiscal agent:	
Invesco Treasury	4,478,128
State Investment Pool	1,577,145
Total	\$ 6,946,224

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note B: Cash and Investments (continued)

Risk disclosures (continued)

Credit risk – This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table is the minimum rating required by (where applicable) the California Government Code, the Successor Agency’s investment policy or debt agreements, and the actual rating as of June 30, 2016, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings at June 30, 2016	
			AAA	Not Rated
State Investment Pool	\$ 890,951	N/A	\$ -	\$ 890,951
Held by fiscal agent:				
Invesco Treasury	4,478,128	AAA	4,478,128	-
State Investment Pool	1,577,145	N/A	-	1,577,145
Total	\$ 6,946,224		\$ 4,478,128	\$ 2,468,096

Custodial credit risk – The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are held by an outside party. As of June 30, 2016, none of the Successor Agency’s deposits pooled with the City’s deposits was held in uncollateralized accounts. The Successor Agency does not have significant separate certificates of deposit or demand accounts held by the fiscal agent that are subject to custodial credit risk disclosure.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Successor Agency does not have direct investments in securities subject to custodial credit disclosure. For the investments held by the fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Fair value measurement under GASBS 72

The Agency’s investments are classified as follows:

- Local Agency Investment Fund in the amount of \$2,468,096 is not subject to GASBS 72 hierarchy. Also, the Agency's share of the pooled investments held by the City are not subject to the disclosure requirements of the new pronouncement within these financial statements.
- The Invesco Treasury investments are valued using net asset value (NAV).

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note C: Loans receivable

The Successor Agency is tasked with monitoring the loan agreements entered into by the former El Cajon Redevelopment Agency for financing construction and tenant improvements of businesses in the project area. As of June 30, 2016, the Successor Agency had the following loans receivables:

	Balance at June 30, 2016
<i>JKC Palm Springs Automotive, Inc.</i>	
In March 2011, the former Agency entered into an Owner Participation Agreement with JKC Palm Springs Automotive, Inc. (Developer) to rehabilitate the real property, buildings, and facilities operated as the Team KIA El Cajon motorcar dealership (Site). The Agency loaned the Developer \$650,000 for the Site improvements. The loan was secured by a Deed of Trust with interest accruing annually at 3% starting November 2015. Beginning on November 2016, the Agency shall forgive accrued interest first, then principal, in an amount equal to the sales taxes generated from the Site each operating year. The Developer must pay any balance of outstanding principal and accrued interest to the Agency by November 2022. As of June 30, 2016, the outstanding principal was \$650,000.	\$ 650,000
<i>Inland Properties (US) Inc.</i>	
In April 2011, the former Agency authorized the sale of the 440 and 542 N. Johnson Avenue property (Site) to Inland Properties (US) Inc. (Developer) for \$2,500,000. The Developer made a down payment of \$600,000 and a promissory note was executed for the remaining \$1,900,000. The note was secured by a Deed of Trust. Repayment begins on July 2019 for a period of ten years, with interest accruing annually at a rate of 3.25% on the outstanding principal loan balance. The Agency shall forgive accrued interest first, then principal, in an amount equal to the sales and use taxes generated from sales occurring on the Site in each year. As of June 30, 2016, the outstanding principal was \$1,900,000.	1,900,000
Total	\$ 2,550,000

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note D: Long-term liabilities

The Successor Agency is required to make scheduled payments and perform obligations with respect to the long-term liabilities of the former El Cajon Redevelopment Agency. The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2016:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds:					
2000 Tax allocation refunding bonds	\$ 15,810,000	\$ -	\$ 50,000	\$ 15,760,000	\$ 55,000
2005 Tax allocation refunding bonds	31,630,000	-	1,125,000	30,505,000	1,170,000
2007 Tax allocation bonds	13,340,000	-	355,000	12,985,000	375,000
Subtotal bonds	60,780,000	-	1,530,000	59,250,000	1,600,000
Less Unamortized discount	(935,054)	-	(44,526)	(890,528)	-
Total bonds	59,844,946	-	1,485,474	58,359,472	1,600,000
Due to the City of El Cajon	1,956,881	-	1,729,028	227,853	227,853
Total long-term debt	<u>\$ 61,801,827</u>	<u>\$ -</u>	<u>\$ 3,214,502</u>	<u>\$ 58,587,325</u>	<u>\$ 1,827,853</u>

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note D: Long-term liabilities (continued)

2000 Tax allocation refunding bonds

On August 15, 2000, the former Agency issued \$16,000,000 Taxable Tax Allocation Refunding Bonds, Issue of 2000, and (the Bonds) to refund the bank notes payable. The Bonds are being issued on a parity basis with the Agency's Tax Allocation Refunding Bonds, Issue of 1997. The Bonds are term bonds maturing on October 1, 2020, and October 1, 2031, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, by October 1, 2006, and October 1, 2021, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 7.6% to 7.7%. The Agency pledged 100% of property tax from the RPTTF as security for the bonds.

The debt service requirements for the 2000 Bonds at June 30, 2016 were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 55,000	\$ 1,211,145	\$ 1,266,145
2018	55,000	1,206,965	1,261,965
2019	55,000	1,202,785	1,257,785
2020	55,000	1,198,605	1,253,605
2021	65,000	1,194,045	1,259,045
2022 – 2026	4,870,000	5,384,225	10,254,225
2027 – 2031	10,605,000	2,161,583	12,766,583
Totals	<u>\$ 15,760,000</u>	<u>\$ 13,559,353</u>	<u>\$ 29,319,353</u>

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note D: Long-term liabilities (continued)

2005 Tax allocation refunding bonds

On October 1, 2005, the former Agency issued \$40,000,000 Tax Allocation Refunding Bonds, Issue of 2005, (the Bonds) to advance refund the 1997 Tax Allocation Refunding Bonds, of which \$29,440,000 were outstanding as of October 1, 2005. As of June 30, 2006, the 1997 bonds had been paid in full. This resulted in a present value cash flow savings of \$1,070,000 and a deferred amount on refunding (difference between the present value of the new debt service payments and the old debt service payments) of \$10,176,549. The Bonds are term bonds maturing on October 1, 2030 and October 1, 2036, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.0% to 4.5%. The Agency pledged 100% of property revenues from the RPTTF as security for the bonds. The bonds are presented net of unamortized discount of \$890,528.

The debt service requirements for the 2005 Bonds at June 30, 2016 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,170,000	\$ 1,325,118	\$ 2,495,118
2018	1,225,000	1,272,693	2,497,693
2019	1,285,000	1,219,430	2,504,430
2020	1,340,000	1,165,590	2,505,590
2021	1,390,000	1,107,913	2,497,913
2022 – 2026	3,550,000	4,845,050	8,395,050
2027 – 2031	1,000,000	4,510,125	5,510,125
2032 – 2036	15,920,000	2,669,625	18,589,625
2037	3,625,000	81,563	3,706,563
	<u>30,505,000</u>	<u>18,197,107</u>	<u>48,702,107</u>
Less Unamortized Discount	<u>(890,528)</u>	<u>-</u>	<u>(890,528)</u>
Totals	<u>\$ 29,614,472</u>	<u>\$ 18,197,107</u>	<u>\$ 47,811,579</u>

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note D: Long-term liabilities (continued)

2007 Tax allocation bonds

On October 1, 2006, the former Agency issued \$15,750,000 Tax Allocation Bonds, Issue of 2007, (the Bonds) to finance redevelopment project activities within or for the benefit of the City of El Cajon Redevelopment Project Area of the Agency. The Bonds are being issued on a parity basis with the Agency's Taxable Tax Allocation Refunding Bonds, Issue of 2000, and Tax Allocation Refunding Bonds, Issue of 2005. The Bonds are term bonds maturing October 1, 2030, and October 1, 2038, and are subject to mandatory redemption from mandatory sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.45% to 4.25%. The Agency pledged 100% of property tax revenues from the RPTTF as security for the bonds.

The debt service requirements for the 2007 Bonds at June 30, 2016 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 375,000	\$ 548,975	\$ 923,975
2018	390,000	532,719	922,719
2019	405,000	515,825	920,825
2020	425,000	498,188	923,188
2021	440,000	480,356	920,356
2022 – 2026	1,960,000	2,144,455	4,104,455
2027 – 2031	2,165,000	1,733,837	3,898,837
2032 – 2036	4,340,000	1,034,689	5,374,689
2037 – 2038	2,485,000	119,985	2,604,985
Totals	<u>\$ 12,985,000</u>	<u>\$ 7,609,029</u>	<u>\$ 20,594,029</u>

**Successor Agency to the
El Cajon Redevelopment Agency
Notes to the Basic Financial Statements
For the year ended June 30, 2016**

Note D: Long-term liabilities (continued)

The annual requirements to amortize all bonds outstanding at June 30, 2016, including interest payments to maturity, are as follows:

<u>Year Ending at June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,600,000	\$ 3,085,238	\$ 4,685,238
2018	1,670,000	3,012,377	4,682,377
2019	1,745,000	2,938,040	4,683,040
2020	1,820,000	2,862,383	4,682,383
2021	1,895,000	2,782,314	4,677,314
2022 – 2026	10,380,000	12,373,730	22,753,730
2027 – 2031	13,770,000	8,405,545	22,175,545
2032 – 2036	20,260,000	3,704,314	23,964,314
2037 – 2038	6,110,000	201,548	6,311,548
	<u>59,250,000</u>	<u>39,365,489</u>	<u>98,615,489</u>
Less Unamortized Discount	<u>(890,528)</u>	<u>-</u>	<u>(890,528)</u>
Totals	<u>\$ 58,359,472</u>	<u>\$ 39,365,489</u>	<u>\$ 97,724,961</u>

Due to the City of El Cajon, land purchase

The former El Cajon Redevelopment Agency entered into an agreement with the City of El Cajon to purchase the property at 100 Fletcher Parkway on June 15, 2011. The property was the site of the former police facility, and was a key parcel within the Project Area for future commercial development. The total outstanding principal due to the City at June 30, 2016 was \$227,853.

Note E: Commitments and contingencies

Some enforceable obligations of the Successor Agency represent agreements, contracts, or other commitments for the expenditure of monies. They do not constitute as expense or liability for financial statement purposes because these commitments will be honored in subsequent years.