

**BOARD MEMBERS:**

**SCOTT BUXBAUM**  
*County Board of Education  
Representative*

**GLORIA CHADWICK**  
*Grossmont Healthcare District  
Representative*

**DENNIS DAVIES**  
*City of El Cajon*

**MICHELLE NGUYEN**  
*County Board of Supervisors  
Representative*

**SUE REARIC**  
*Chancellor of the California  
Community Colleges  
Representative*

**ANTHONY SHUTE**  
*(Former RDAMMPEG  
Employee) City of El Cajon*

**DEBRA TURNER-  
EMERSON**  
*County Board of Supervisors  
Representative*

**OB LEGAL COUNSEL:**  
**MEYERS NAVE**

**SUCCESSOR AGENCY**  
**STAFF:**

**DOUGLAS WILLIFORD**  
*Executive Director/  
City Manager*

**MAJED AL-GHAFRY**  
*OB Secretary /  
Assistant City Manager*

**MORGAN FOLEY**  
*General Counsel*

**CLAY SCHOEN**  
*Director of Finance*

**HOLLY REED-FALK**  
*Financial Operations Manager*

**VICTORIA DANGANAN**  
*Senior Accountant*

**ADRIANA CASTAÑEDA**  
*Operations Manager*

**RON LUIS VALLES**  
*Administrative Secretary*

# AGENDA

City of El Cajon  
Successor Agency – Oversight Board  
8:00 a.m., Wednesday, September 21, 2016

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El Cajon City Hall  
Fifth Floor Conference Room  
200 Civic Center Way, El Cajon, CA 92020

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE:

II. ROLL CALL:

III. AGENDA CHANGES:

IV. 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.)

V. ACTION ITEMS:

1. Approval of Action Minutes – May 18, 2016, meeting
2. Approval of the Amended Recognized Obligation Payment Schedule ("Amended ROPS 16-17") for the period January 1, 2017, to June 30, 2017.

VI. OTHER ITEMS FOR CONSIDERATION:

VII. STAFF COMMUNICATIONS:

1. Upcoming schedule.

VIII. BOARD REPORTS/COMMENTS:

IX. ADJOURNMENT:

# **SUMMARY MINUTES**

## **Successor Agency to the El Cajon Redevelopment Agency Oversight Board**

**Meeting - Wednesday, May 18, 2016  
El Cajon City Hall, Fifth Floor Conference Room  
200 Civic Center Way, El Cajon, CA 92020**

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**BOARD PRESENT:** Scott Buxbaum, Gloria Chadwick, Sue Rearic, Anthony Shute, and Debra Turner-Emerson (Chair)

**BOARD ABSENT:** Dennis Davies (Vice Chair), Michelle Nguyen

**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, Senior Management Analyst Adriana Castañeda, and Administrative Secretary Ron Luis Valles

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### **CALL TO ORDER AND PLEDGE OF ALLEGIANCE:**

The meeting was called to order at 8:05 a.m. by TURNER-EMERSON.

**PUBLIC COMMENT:** None

### **ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – March 16, 2016**

CHADWICK made a motion, seconded by SHUTE, to approve the minutes of the March 16, 2016, meeting.

**Motion carried 4-0 (REARIC, abstained; DAVIES, NGUYEN, absent).**

### **ITEM NO. 2: APPROVAL OF THE FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND BRIXTON CAPITAL AND EXCEL HOTEL GROUP, INC., FOR THE PURCHASE AND DEVELOPMENT OF SUCCESSOR AGENCY-OWNED PROPERTY ALONG THE NORTH SIDE OF FLETCHER PARKWAY AND THE EAST SIDE OF NORTH MAGNOLIA AVENUE (100 FLETCHER PARKWAY).**

AL-GHAFRY summarized the staff report.

BUXBAUM made a motion, seconded by SHUTE, to adopt Resolution OB-05-16 approving the First Amendment to the Exclusive Negotiation Agreement between the Successor Agency and Brixton Capital and Excel Hotel Group, Inc., for the purchase

and development of Successor Agency-owned property along the north side of Fletcher Parkway and the east side of North Magnolia Avenue (100 Fletcher Parkway).

**Motion carried 5-0 (DAVIES and NGUYEN, absent).**

**STAFF COMMUNICATIONS:**

There were none.

**BOARD REPORTS / COMMENTS:**

Questions arose from CHADWICK and TURNER-EMERSON, respectively, over the bond measure that approved the police station and specifically, the animal shelter, and also a progress report on construction of the new Courtyard by Marriott Hotel. Al-Ghafry provided updates on each and noted that plans are underway for a state of the art, animal care facility which is targeted to be completed by the end of 2017. He added that the Courtyard by Marriott Hotel project is moving fast and they are currently set to pour foundation.

**ADJOURNMENT:**

CHADWICK made a motion, seconded by REARIC, to adjourn the regularly-scheduled meeting of the El Cajon Successor Agency Oversight Board at 8:18 a.m. this 18<sup>th</sup> day of May 2016, to 8:00 a.m., June 15, 2016, in the Fifth Floor Conference Room at City Hall, 200 Civic Center Way, El Cajon, California.

**Motion carried 5-0 (DAVIES and NGUYEN, absent).**

APPROVED:

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Debra Turner-Emerson, Chairperson

ATTEST:

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Majed Al-Ghafry, Oversight Board Secretary

**AGENDA REPORT**  
**CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD**  
**September 21, 2016, Meeting**

**SUBJECT: APPROVAL OF THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“AMENDED ROPS 16-17”) FOR THE PERIOD JANUARY 1, 2017, TO JUNE 30, 2017**

**RECOMMENDED ACTION:** That the Oversight Board adopts the proposed Resolution OB-06-16 to:

1. Approve the Amended ROPS 16-17 for the period January 1, 2017, to June 30, 2017;
2. Authorize the Chair to execute the approved Amended ROPS 16-17 for submission to the California Department of Finance (“DOF”), San Diego County Auditor Controller (“CAC”), and State Controller’s Office (“SCO”) and to post the Amended ROPS 16-17 on the Successor Agency website no later than October 1, 2017; and
3. Approve the Successor Agency staff carrying 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 Amended ROPS 16-17, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

**BACKGROUND:**

On January 20, 2016, the Oversight Board approved the Recognized Obligation Payment Schedule (“ROPS”) for the period covering July 1, 2016, to June 30, 2017. Pursuant to Health and Safety Code (“HSC”) section 34177.7(o)(1), the Successor Agency submitted the Oversight Board approved annual ROPS to the DOF and the CAC on January 25, 2016. This ROPS included the funding requirements for activities and projects to be carried out in Fiscal Year 2016-17.

Due to actions taken by the DOF and other proposed changes, an amendment to ROPS 16-17 is needed to adjust funding for certain activities and projects. Pursuant to HSC section 34177.7(o)(1)(E), the Successor Agency can submit one amendment to the ROPS for payment of approved enforceable obligations during the second half of the ROPS period defined as January 1 to June 30. Amended ROPS 16-17 (Attachment 2) lists revisions necessary for payment of approved enforceable obligations during the ROPS period January 1, 2017 to June 30, 2017 that include the following items:

- Line item 11 represents the environmental remediation costs to conduct further groundwater investigation and reporting of contaminants at the Park Row Site as directed by the California Regional Water Quality Control Board, San Diego Region ("San Diego Water Board"). In DOF's determination letter dated May 17, 2016, funding from the Redevelopment Property Tax Trust Fund ("RPTTF") for this enforceable obligation was denied because the clean-up order was addressed to the City of El Cajon, not the Successor Agency. Additionally, DOF determined that the Reimbursement Indemnity Agreement, an enforceable obligation, required the Successor Agency to reimburse the developer for the costs to remediate the property, rather than reimbursing the Successor Agency for conducting or contracting for the remediation of the property.

The Agency has taken certain actions in response to the above DOF findings. The San Diego Water Board reissued the clean-up order to the Successor Agency, and contracting for the remediation of the property has also been reassigned to the Developer, Priest Development Corporation. A request for \$51,000 in RPTTF funding made on the original ROPS 16-17 is being resubmitted to reimburse the Developer for the remediation costs.

- Line item 95 is a capital improvement project for the renovation and improvement of the 25-year-old Community Center that is used extensively for events. The original ROPS 16-17 included \$1,060,000 of bond proceeds that was anticipated to be spent during the ROPS period July 1 to December 31. Due to changes in the project schedule, \$610,000 from the first half of the ROPS funding needs to be carried forward to the ROPS period January 1, 2017 to June 30, 2017. Also, an increase of \$130,000 in funding from bond proceeds is being requested for the project.

The proposed Amended ROPS 16-17 for the period of January 1, 2017, through June 30, 2017, was prepared using the format provided by the DOF. The Amended ROPS 16-17 must be approved by the Oversight Board for submission to the DOF, CAC, and SCO by October 1, 2016.

**FISCAL IMPACT:** This action will approve the Amended Recognized Obligation Payment Schedule 16-17 for the period of January 1, 2017, through June 30, 2017, amending the second half ROPS funding from all sources from \$3,437,158 to \$4,228,158. The funding adjustments requested by the Successor Agency for the above enforceable obligations include an additional \$740,000 from bond proceeds and \$51,000 from RPTTF.

#### **ATTACHMENTS:**

1. Proposed Resolution OB-06-16
2. Proposed Amended Recognized Obligation Payment Schedule for the period January 1, 2017, to June 30, 2017 (ROPS 16-17)
3. Department of Finance Determination Letter dated May 17, 2016

Oversight Board Agenda Report  
Approval of Amended Recognized Obligation Payment Schedule  
("ROPS 16-17") for the period of January 1, 2017, to June 30, 2017  
September 21, 2016, Agenda

4. San Diego Region Water Quality Control Board letter dated June 2, 2016
5. Reimbursement and Indemnity Agreement

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Oversight Board Agenda Report  
Approval of Amended Recognized Obligation Payment Schedule  
("ROPS 16-17") for the period of January 1, 2017, to June 30, 2017  
September 21, 2016, Agenda

**Prepared by:**



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**Clay Schoen**  
**Director of Finance**

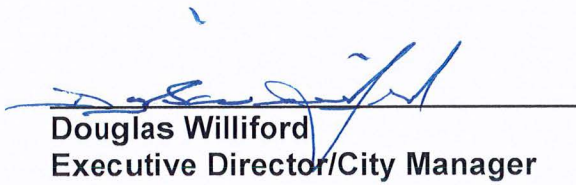
**Reviewed by:**



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**Majed Al-Ghafry**  
**Secretary / Assistant City Manager**

**Approved by:**



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**Douglas Williford**  
**Executive Director/City Manager**

RESOLUTION NO. OB-06-16

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2017, TO JUNE 30, 2017 (“AMENDED ROPS 16-17”)

WHEREAS, the Oversight Board of the Successor Agency (the “Successor Agency”) of the former El Cajon Redevelopment Agency (the “Oversight Board”) held a regularly-scheduled meeting on September 21, 2016, at which time it considered a proposed Amended Recognized Obligation Payment Schedule for the period of January 1, 2017, to June 30, 2017 (“Amended ROPS 16-17”); and

WHEREAS, the Successor Agency requested funding adjustments in the amount of \$791,000 under Amended ROPS 16-17 for the period January 1, 2017 to June 30, 2017, including an additional \$740,000 from proceeds of the \$15,750,000 El Cajon Redevelopment Agency El Cajon Redevelopment Project Tax Allocation Bonds Issue of 2017 (the “Bond Proceeds”), and \$51,000 from Redevelopment Property Tax Trust Funds (“RPTTF”).

WHEREAS, the Successor Agency requested total funding under ROPS 16-17B be amended to \$4,228,158 for the period January 1, 2017 to June 30, 2017 from all sources, including \$1,640,000 from Bond Proceeds, \$5,500 from Reserve Balance, and \$2,582,658 from Redevelopment Property Tax Trust Funds (“RPTTF”).

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF 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 Amended ROPS 16-17 is exempt from the California Environmental Quality Act (CEQA) under section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed amendments will not cause a significant adverse physical change to the environment either directly or indirectly.
- B. The Oversight Board hereby APPROVES the Amended Recognized Obligation Payment Schedule for the period of January 1, 2017, to June 30, 2017, in the form and content attached hereto as **Attachment “A”** and incorporated herein by this reference, with a total amended funding for the period January 1, 2017 to June 30,



2017 of \$4,228,158, including \$1,640,000 from Bond Proceeds, \$5,500 from Reserve Balance, and \$2,582,658 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 Amended Recognized Obligation Payment Schedule for the period of January 1, 2017, to June 30, 2017, for submission to the County Auditor Controller, State Department of Finance, and State Controller's Office and to post the Amended ROPS 16-17 on the Successor Agency website not later than October 1, 2016.
- D. The Oversight Board hereby AUTHORIZES Successor Agency staff to carryout 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 Amended ROPS 16-17, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

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

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

Successor Agency: El Cajon  
 County: San Diego

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>		<b>ROPS 16-17B Authorized Amounts</b>	<b>ROPS 16-17B Requested Adjustments</b>	<b>ROPS 16-17B Amended Total</b>
<b>A</b>	<b>Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ 905,500</b>	<b>\$ 740,000</b>	<b>\$ 1,645,500</b>
B	Bond Proceeds	900,000	740,000	1,640,000
C	Reserve Balance	5,500	-	5,500
D	Other Funds	-	-	-
<b>E</b>	<b>Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 2,531,658</b>	<b>\$ 51,000</b>	<b>\$ 2,582,658</b>
F	RPTTF	2,406,658	51,000	2,457,658
G	Administrative RPTTF	125,000	-	125,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 3,437,158</b>	<b>\$ 791,000</b>	<b>\$ 4,228,158</b>

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

**El Cajon Amended Recognized Obligation Payment Schedule (ROPS 16-17B) - ROPS Detail**

January 1, 2017 through June 30, 2017

(Report Amounts in Whole Dollars)

Item #	Project Name/Debt Obligation	Obligation Type	Total Outstanding Balance	AUTHORIZED AMOUNTS					Total	REQUESTED ADJUSTMENTS					Total	Notes
				Fund Sources						Fund Sources						
				Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
1	El Cajon Redevelopment Agency	Bonds Issued On or Before	\$ 107,131,494	\$ 900,000	\$ 5,500		\$ 2,406,658	\$ 125,000	\$ 3,437,158	\$ 740,000			\$ 51,000		\$ 791,000	
2	El Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2005	Bonds Issued On or Before 12/31/10	\$ 30,584,488				632,027		\$ 632,027						\$ -	
3	El Cajon Redevelopment Agency Tax Allocation Bonds, Issue of 2007	Bonds Issued On or Before 12/31/10	\$ 21,513,514				465,503		\$ 465,503						\$ -	
4	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Fees	\$ 12,000				3,000		\$ 3,000						\$ -	
5	El Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Professional Services	\$ 7,500				2,000		\$ 2,000						\$ -	
8	Successor Agency Administration	Admin Costs	\$ 250,000						\$ -						\$ -	
11	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	\$ 101,000						\$ -				51,000		\$ 51,000	Remediation costs will be reimbursed to the Developer, Priest Development Corporation as stated in the Reimbursement Indemnity Agreement.
12	RD0705S - Hazmat Testing Prescott Promenade	Remediation	\$ 11,000		5,500				\$ 5,500						\$ -	
13	RD0706S - Southwest Corner Environmental Testing	Remediation	\$ -						\$ -						\$ -	
15	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Maintenance	\$ 28,000				14,000		\$ 14,000						\$ -	
16	RD0801S - 100 Fletcher Parkway (Former Police Station)	City/County Loan (Prior 06/28/11), Property transaction	\$ 230,000						\$ -						\$ -	
21	RDR0703S - Civic Center Complex Revitalization Project	Property Maintenance	\$ 6,700				3,100		\$ 3,100						\$ -	
63	RD0704S - Hazmat Testing Park/Ballantyne	Project Management Costs	\$ 6,000						\$ -						\$ -	
64	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	\$ -						\$ -						\$ -	
67	RD0705S - Hazmat Testing Prescott Promenade	Project Management Costs	\$ -						\$ -						\$ -	
70	RD0801S - 100 Fletcher Parkway (Former Police Station)	Legal	\$ -						\$ -						\$ -	
71	RD0801S - 100 Fletcher Parkway (Former Police Station)	Project Management Costs	\$ 16,000				8,000		\$ 8,000						\$ -	
72	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Dispositions	\$ 31,000				10,500		\$ 10,500						\$ -	
86	RDR0703S - Civic Center Complex Revitalization Project	Legal	\$ -						\$ -						\$ -	
87	RDR0703S - Civic Center Complex Revitalization Project	Project Management Costs	\$ -						\$ -						\$ -	
89	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	\$ 13,300				5,900		\$ 5,900						\$ -	
92	HA1501 - Housing Authority Development and Revitalization Activities	Improvement/Infrastructure	\$ 700,000	350,000					\$ 350,000						\$ -	
94	RD1502S - Fire Station 6 Renovation	Improvement/Infrastructure	\$ 410,000						\$ -						\$ -	
95	RD1503S - Ronald Reagan Community Center Plaza	Improvement/Infrastructure	\$ 1,060,000						\$ -	740,000					\$ 740,000	Carry forward bond proceeds including \$130,000 additional funding
98	RD1504S - East Count Performing Arts Center Improvements	Improvement/Infrastructure	\$ 950,000	550,000					\$ 550,000						\$ -	



EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 17, 2016

Ms. Victoria Danganan, Senior Accountant  
City of El Cajon  
200 Civic Center Way  
El Cajon, CA 92020

Dear Ms. Danganan:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 29, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of El Cajon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 25, 2016. Finance issued a ROPS determination letter on March 29, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 11, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 11 – Remediation Costs totaling \$101,000 payable from \$50,000 in Other Funds and \$51,000 in Redevelopment Property Tax Trust Fund (RPTTF). Finance continues to deny the portion of this item payable from RPTTF. Finance previously determined the Reimbursement and Indemnity Agreement (Agreement) is an enforceable obligation. However, Finance had also determined that the Agreement requires only that the Agency reimburse the developer for remediation costs associated with a specific parcel. In addition, at the time of our original review, the Agency was unable to support that the parcel to be remediated tied to the Agreement.

During the Meet and Confer, the Agency provided additional documentation including parcel maps and Assessor documents that tied the parcel to the Agreement and to a San Diego Region Water Control Board's (SDRWCB) clean-up order. However, the clean-up order is addressed to the City of El Cajon and does not obligate the Agency to the clean-up. Additionally, the enforceable obligation of the Agency, the Agreement, is that the Agency reimburse the developer for the developer's costs to remediate the property, not that the Agency will conduct or contract for the remediation of the property.

Finally, we note that the Agency Oversight Board action 01-16 approving the professional services agreement to perform further ground water investigation pursuant to the SDRWCB clean-up order was denied by Finance on February 25, 2016.

Therefore, the requested amount of \$51,000 in RPTTF is not allowed. However, the requested amount of \$50,000 in Other Funds, identified as State grant funds for the remediation of this property, is approved. To the extent the Agency receives a reimbursement request from the developer, this item may be placed on a future ROPS for review.

- Item No. 63 – Project Management Costs in the total amount of \$6,000. Finance continues to deny this item. Based on additional review of Item No. 11 above, the Agency was able to support the SDRWCB clean-up order is related to parcel numbers in the Agreement entered into by the Agency. However, as indicated above, the Agreement requires the Agency to reimburse the developer for the costs of the remediation, not to conduct or contract for the remediation. Therefore, it is unlikely the Agency will incur the staff engineer project management costs represented in this item. Therefore, this item is not an enforceable obligation and not eligible for RPTTF in the amount of \$6,000 on this ROPS.

In addition, per Finance's letter dated March 29, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item Nos. 1 through 3 – Tax Allocation Refunding Bonds funded from the Redevelopment Property Tax Trust Fund (RPTTF) totaling \$2,360,159 is approved. However, Finance notes the approved RPTTF must be used for ROPS 17-18 debt service.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$2,360,159 of RPTTF authorized to be held in reserve, along with the amounts required for the current ROPS period, should be transferred upon receipt to the bond trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized to be used for other ROPS items. Any requests to fund the \$2,360,159 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service.

- Item Nos. 92, 94, 95, and 98 – Improvement Projects funded with \$2,220,000 in Bond Proceeds. The Agency received a Finding of Completion on April 11, 2013 and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1). Such approval, however, should not be construed as approval of the project itself as an enforceable obligation.

Except for the item denied in whole and in part, Finance is not objecting to the remaining items listed on your ROPS 16-17.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,314,738 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF for ROPS 15-16A and ROPS 15-16B.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

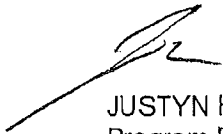
<http://www.dof.ca.gov/redevelopment/ROPS>

This is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Evelyn Sues, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,



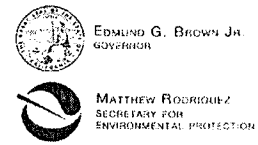
JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Holly Reed-Falk, Financial Operations Manager, City of El Cajon  
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 2,691,580	\$ 2,430,158	\$ 5,121,738
Requested Administrative RPTTF	125,000	125,000	\$ 250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>\$ 2,816,580</b>	<b>\$ 2,555,158</b>	<b>\$ 5,371,738</b>
Total RPTTF requested	2,691,580	2,430,158	5,121,738
<u>Denied Items</u>			
Item No. 11	(30,500)	(20,500)	(51,000)
Item No. 63	(3,000)	(3,000)	(6,000)
<b>Total RPTTF authorized</b>	<b>2,658,080</b>	<b>2,406,658</b>	<b>\$ 5,064,738</b>
Total Administrative RPTTF requested	125,000	125,000	250,000
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>2,783,080</b>	<b>2,531,658</b>	<b>\$ 5,314,738</b>





## California Regional Water Quality Control Board, San Diego Region

June 2, 2016

**In reply refer to / attn.**  
**T0607300241:ccheng**

Mr. David Keltner  
City of El Cajon  
Successor to the El Cajon Redevelopment Agency  
200 Civic Center Way  
El Cajon, CA 92020

**Subject: Groundwater Monitoring Reports, El Cajon Summit (T0607300241),  
Former 327 N Magnolia Avenue (APN 488-420-60), El Cajon,  
California**

Dear Mr. Keltner:

Per your request dated May 25, 2016, this letter reissues San Diego Water Board's letter dated September 15, 2015. As requested, this letter is now addressed to City of El Cajon, Successor to the El Cajon Redevelopment Agency, and the site address in the subject line is changed. The remaining content below is the same as the September 15, 2015 letter with an effective date of September 15, 2015.

The California Regional Water Quality Control Board, San Diego Region (San Diego Water Board) has completed its review of the following groundwater monitoring reports prepared by SCS Engineers on behalf of the City of El Cajon: June and December 2014, and June 2015 dated April 6 and June 29, 2015, respectively. A meeting between the San Diego Water Board, the City of El Cajon and its consultant SCS Engineers was held on June 16, 2015 at the San Diego Water Board to discuss historical data, State Water Board's Low-Threat Closure Policy (LTCP), and steps towards site closure.

The San Diego Water Board does not concur with the recommendation in the April 6 report that the site be considered for closure. Current site conditions do not meet the LTCP closure criteria as summarized below.

1. General Criteria e - Staff finds that neither all the potential sources or pathways, nor the extent of soil, groundwater, and vapor contamination at the site have been comprehensively investigated and delineated. For example, historical data indicated that high levels of benzene exist at the northwest corner of the property (well MW9) but that general area was not fully investigated; high level of dichloroethane (DCA,

HENRY ABARBANEL, PH.D. CHAIR | DAVID GIBSON, EXECUTIVE OFFICER

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1,000 ppb) was detected in well MW7 but was not further investigated; the highly contaminated groundwater plume has migrated to offsite residential area, and the down gradient extent of the plume has not been delineated.

- 2. Groundwater-Specific Criteria – Staff finds that the plume length has not been determined; the benzene concentrations exceeded either the 1,000 ppb (MW5 and MW 12) or the 3,000 ppb (MW 11) threshold values; concentrations of total petroleum hydrocarbons as gasoline (TPHg) and benzene in the above wells showed increasing or fluctuating trends thus inconsistent with a stable or decreasing plume.
- 3. Petroleum Vapor Intrusion to Indoor Air - Staff finds that vapor risks from contaminated soil and groundwater have not been fully assessed.

Under the authority of Porter-Cologne Act and subdivisions (a) and (b) of Section 25296.10 of the Health and Safety Code, the San Diego Water Board directs the City of El Cajon to further investigate the nature, extent, and mobility of the release, and to conduct corrective actions as necessary to bring the site to closure under the LTCP. Please submit corresponding workplan(s) to this agency for review and approval in a timely manner.

In the subject line of any response, please include the reference number: T0607300241:ccheng. For questions or comments, please contact Mr. Charles Cheng by phone at 619-521-3359, or by email at [ccheng@waterboards.ca.gov](mailto:ccheng@waterboards.ca.gov).

Sincerely,



Charles Cheng, PG  
Engineering Geologist  
Central Cleanup Unit



Craig L. Carlisle, PG, CEG  
Senior Engineering Geologist  
Central Cleanup Unit

CLC:clc:cqc

cc: (via email)

Christopher Crosby, SCS Engineers, [CCrosby@scsengineers.com](mailto:CCrosby@scsengineers.com)

Tech Staff Info & Use	
GT Global ID	T0607300241

REIMBURSEMENT AND INDEMNITY AGREEMENT

THIS REIMBURSEMENT AND INDEMNITY AGREEMENT (“AGREEMENT”) is made this 16 day of DEC, 2003, by and between the EL CAJON REDEVELOPMENT AGENCY, a public body corporate and politic (“AGENCY”) and PRIEST DEVELOPMENT CORPORATION (“DEVELOPER”).

WHEREAS, AGENCY and DEVELOPER entered into that certain DISPOSTION AND DEVELOPMENT AGREEMENT dated January 29, 2003 (“DDA”) regarding approximately 5.85 acres more particularly described as Assessor’s Parcel Number 488-040-05 (“SITE”); and

WHEREAS, a condition precedent to DEVELOPER acquiring title to the SITE, which is the subject of the DDA, is AGENCY having removed all hazardous waste or toxic substances from the SITE and obtained from the County of San Diego a “no further action letter” regarding said clean-up (“CONTAMINATION CLEAN-UP”); and

WHEREAS, AGENCY has not completed pursuant to the terms of the DDA removal of all hazardous waste or toxic substances from the SITE; and

WHEREAS, AGENCY desires to have DEVELOPER acquire the SITE prior to the completion of the CONTAMINATION CLEAN-UP whereby DEVELOPER would complete the CONTAMINATION CLEAN-UP; and

WHEREAS, DEVELOPER will agree to acquire the SITE and complete the CONTAMINATION CLEAN-UP subject to the terms and conditions in this AGREEMENT.

NOW, THEREFORE, in furtherance of this AGREEMENT, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. For the promises contained in this AGREEMENT by the parties, DEVELOPER will acquire the SITE from AGENCY pursuant to the terms of the DDA subject to the following terms:

- a. DEVELOPER will complete the CONTAMINATION CLEAN-UP subject to the full terms and conditions of this AGREEMENT.
- b. AGENCY will assign and deliver to DEVELOPER all reports, studies, correspondence and memoranda including electronic communication

regarding the CONTAMINATION CLEAN-UP completed by AGENCY prior to acquisition of SITE by DEVELOPER.

- c. DEVELOPER, in completing the CONTAMINATION CLEAN-UP shall perform such work in compliance with all state, local and federal laws, rules and regulations related to the CONTAMINATION CLEAN-UP, including the possession of all contractors' and environmental licenses as may be required by such laws.

2. AGENCY shall reimburse DEVELOPER for all costs, expenses, claims, indebtedness of every kind and nature relating to the CONTAMINATION CLEAN-UP after acquisition of the SITE by DEVELOPER from AGENCY. DEVELOPER shall on a periodic basis submit to AGENCY invoices for reimbursement the cost of the CONTAMINATION CLEAN-UP. AGENCY shall pay to DEVELOPER the amount of the invoice submitted within thirty (30) days of receipt of said invoice. In lieu of payment to DEVELOPER, AGENCY shall have the option of reducing the purchase price of the SITE under the DDA by the actual costs incurred by DEVELOPER in performing the CONTAMINATION CLEAN-UP.

3. AGENCY agrees, to the extent permitted by law, to indemnify, defend, and hold harmless, DEVELOPER as well as its officers, directors, shareholders, employees, attorneys, successors and assigns, and all other persons, firms, corporations, associations or partnerships, or any other entity connected therewith harmless from and against any and all liability, loss, cost or expense, including without limitation, attorneys' fees, expenses, costs of litigation and expenses reasonably incurred in investigating or attempting to avoid or oppose the imposition of damages or in enforcing this indemnity, of whatever kind or nature ("Losses") which DEVELOPER may sustain by reason of any suits, claims, demand, litigation, proceedings or matters arising out of, or in any manner connected with the CONTAMINATION CLEAN-UP and any hazardous waste or toxic substances on the SITE, provided, however, that the CONTAMINATION CLEAN-UP is performed in manner consistent with, and in complete accordance with, the plan approved by the County of San Diego Department of Environmental Health, *except* for those Losses arising out of the willful misconduct of DEVELOPER or its officers, directors, shareholders, employees, attorneys, agents, contractors, successors or assigns and further excepting any Losses arising out of DEVELOPER'S compaction of the soil prior to construction.

The indemnification contained in this paragraph shall be in addition to and expand upon the indemnification contained in Section 4.3 of the DDA.

4. This AGREEMENT shall be binding upon the AGENCY'S successors and assigns and shall inure to the benefit of the successors and assigns of DEVELOPER.

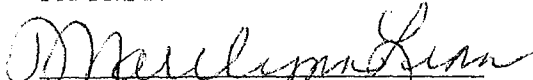
5. All time frames and construction schedules for the development of the SITE as contained in the DDA including but not limited to Section 3.5 and Attachment No. 3 entitled SCHEDULE OF PERFORMANCE shall be tolled until such time as

DEVELOPER obtains from the County of San Diego a "no further action" letter regarding the CONTAMINATION CLEAN-UP.

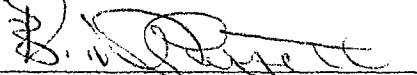
6. This AGREEMENT may be executed in several counterparts and all so executed shall constitute one agreement which shall be binding on all parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT as of the date and year first above written.


ATTEST:

  
Marilynn Linn, Secretary

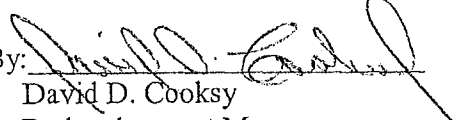
AGENCY  
EL CAJON REDEVELOPMENT  
AGENCY, a public body corporate  
and politic

By:   
Bill Garrett, Executive Director

DEVELOPER  
PRIEST DEVELOPMENT  
CORPORATION, a California  
Corporation.

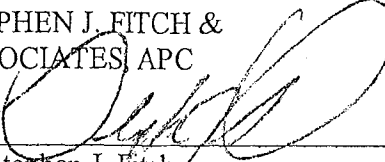
By:   
Daryl R. Priest, President

APPROVED AS TO CONTENT:

By:   
David D. Cooksy  
Redevelopment Manager

APPROVED AS TO FORM:

  
Morgan L. Foley, Agency Counsel

STEPHEN J. FITCH &  
ASSOCIATES APC  
By:   
Stephen J. Fitch,  
Attorneys for Priest Development  
Corporation

Reimbursement and Indemnity Agrmt Priest