



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: Successor Agency to the Community Development Commission as the National City Redevelopment Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period _____

DATE OF FINANCE’S DETERMINATION LETTER: November 7, 2012

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call

DETAIL OF REQUEST

- A. Summary of Disputed Issue(s) (Must be specific.)**
See Attached

- B. Background/History (Provide relevant background/history, if applicable.)**
See Attached

- C. Justification (Provide additional attachments to this form, as necessary.)**
See Attached

A. Summary of Disputed Issue:

We disagree with the conclusion that the Agency's LMHF balance available for distribution to affected taxing entities is \$6,155,638. We believe that all of the \$8,418,206 in the LMHF as of June 30, 2012 is contractually obligated to various payees as itemized on lines 5 through 18 in the "Total Outstanding Debt or Obligation" column on the Successor Agency's ROPS. A redistribution of \$6,155,638 would result in the SA's inability to meet its contractual obligations.

B. Background

In the Successor Agency's ROPS, line items 5 through 18 are all associated with the contractually obligated low income housing project referred to as WI-TOD. We acknowledge that within items 5 through 18, items 10 and 11 have not received DOF approval to date. However, we maintain that items 10 and 11 are contractually required as part of the properly executed Disposition and Development Agreement with Paradise Creek Housing Partners for this project as itemized on lines 5 through 8. We have a meet and confer session scheduled for Wednesday, November 14, 2012 that includes discussion of this matter.

Further, while the accounting records for the Successor Agency show a positive balance as of June 30, 2012 for both the RORF (\$4.9 million) and the LMHF (\$8.4 million), as of November 12, 2012, the operating cash balance is a negative \$5.2 million in the RORF and a positive \$7.8 million in the LMHF for a total current operating cash balance of \$2.6 million. (Operating cash balance includes all cash except for bond proceeds and associated required debt service reserves held by the servicing fiscal agents.) The primary cash draws since June 30, 2012 include the Agency's "true-up" payment of \$4.27 million and bond debt service payments of \$5.77 million. This information is presented in tabular form in Attachment 1.

C. Justification

Exhibit D was an attempt to demonstrate the negative cash position of the Successor Agency with respect to enforceable obligations and the need to retain all currently held cash assets. In an attempt to better illustrate this situation, Attachment 2 to this form extends the current fiscal year time frame in Exhibit D out through FY 2016-17 and incorporates the cash balance in the LMHF shown on Exhibit A of the DDR. Housing obligations are shown separately from non-housing obligations, but also combined to show the net effect on the Successor Agency. It demonstrates that current cash balances together with future maximum available RPTTF distributions will be needed to meet current and future obligations through ROPS 8. The significant revenues for the Successor Agency come from property taxes; a very minor amount (approximately \$50,000 per year) comes from interest earnings and rents. The expenses shown represent either actual amounts (for example the true-up

payment and the debt service payment) or estimated future amounts. The first column shows the funding sources available at the beginning of the fiscal year to meet the ROPS 2 LMIHF and RPTTF obligations followed by the anticipated obligations. It can be seen that the resources provided by the ROPS 2 property tax distribution amount of \$4.576 million were largely consumed by the \$4.273 million true-up payment in early July 2012. The true-up payment was followed in late July by a \$5.77 million debt service payment. The combination of these payments put the RORF in a negative cash position (as shown in Attachment 1), so the debt service payment had to be met by "borrowing" from the only other cash available within the Successor Agency, the LMIHF.

Will all of the expenditures occur in the amount or the time frame listed? The debt service payments will occur as shown. The Successor Agency's obligation toward the WI-TOD housing project will require the entire balance in the LMIHF, but may span three or more ROPS periods rather than two as shown. There is a judgment against the former RDA in the amount of \$2.0 million dollars, and while it is on appeal, the Successor Agency must meanwhile plan for payment of that amount. Other expenses including legal services, property maintenance and administrative costs are reasonable estimates and actuals may vary from the amounts shown. Based on the revenue and expenditure estimates in the table, by ROPS 9 and all future periods, there should be a positive balance available for distribution to affected taxing entities.

National City
 Successor Agency (SA) Cash Analysis (at 11/12/2012)

Fund	SA Cash at June 30, 2012	True-up payment	Debt Service payment	Other	Est. Balance as of 11/12/12	Cash outflow since June 30, 2012

SA Operating Funds:	8,418,206			(576,348)	7,841,858	
722 SA Low Mod - cash						
711 RORF - cash (excluding debt service reserves)	4,924,639	(4,272,833)	(5,772,472)	(74,283)	(5,194,949)	
Total SA Operating Funds	<u>13,342,845</u>	<u>(4,272,833)</u>	<u>(5,772,472)</u>	<u>(650,631)</u>	<u>2,646,909</u>	
SA Bond Proceeds Funds						
714 SA Capital Projects - non housing	17,719,358			(56,885)	17,662,473	
715 SA Capital Projects - Bond proceeds - housing	14,979,289			-	14,979,289	
Total SA Bond Proceeds Funds	<u>32,698,647</u>	-	-	<u>(56,885)</u>	<u>32,641,762</u>	
Debt Service Reserves						
711 RORF - cash with fiscal agent	6,957,040			(210,052)	6,746,988	

Notes:

1. All amounts in the table above are based on trial balance reports run on 11/12/2012.

National City
SA Projected Funding and Obligations
 (Excludes bond proceeds and debt service reserves) (1)

RPTTF Distribution Date	ROPS 2 July - Dec 2012 1-Jun-12	ROPS 3 Jan - June 2013 2-Jan-13	ROPS 4 July - Dec 2013 1-Jun-13	ROPS 5 Jan - June 2014 2-Jan-14	ROPS 6 Jul - Dec 2014 1-Jun-14	ROPS 7 Jan - June 2015 2-Jan-15	ROPS 8 Jul - Dec 2015 1-Jun-15	ROPS 9 Jan - June 2016 2-Jan-16	ROPS 10 Jul - Dec 2016 1-Jun-16	ROPS 11 Jan - June 2017 2-Jan-17
SA Funding Sources:										
Non-Housing:										
Projected Property Tax from RPTTF (2)	5,493,592	6,160,399	7,485,000	6,222,003	7,559,850	6,284,223	7,635,449	6,347,065	7,711,803	6,410,536
Less: Est Admin Fees and pass-throughs (3)	(917,520)	(809,858)	(674,000)	(632,260)	(680,740)	(638,583)	(687,547)	(644,968)	(694,423)	(651,418)
Net Projected RPTTF available	4,576,072	5,350,541	6,811,000	5,589,743	6,879,110	5,645,640	6,947,901	5,702,097	7,017,380	5,759,118
Add'l RORF (non-housing) cash on hand at beginning of period	348,567	(8,429,465)	(7,280,692)	(8,184,980)	(4,940,264)	(5,054,862)	(1,655,198)	(1,782,341)	1,778,861	4,225,888
Revenue from interest and rents	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Non-Housing Funding	4,974,639	(3,028,924)	(419,692)	(2,545,237)	1,988,846	640,778	5,342,703	3,969,756	8,846,241	10,035,006
Housing:										
LMIHF Revenue (Investment earnings)	10,000	-	-	-	-	-	-	-	-	-
LMIHF cash at beginning of period	8,418,206	4,800,638	-	-	-	-	-	-	-	-
Total Housing Funding	8,428,206	4,800,638	-	-	-	-	-	-	-	-
Total SA Funding Sources	13,402,845	1,771,714	(419,692)	(2,545,237)	1,988,846	640,778	5,342,703	3,969,756	8,846,241	10,035,006
Less Obligations:										
Non-housing obligations:										
True-up payment - July 12, 2012 (4)	(4,272,833)	-	-	-	-	-	-	-	-	-
Various non-housing capital projects	(769,747)	(50,000)	(798,791)	-	-	-	-	-	-	-
Bond debt service	(5,772,472)	(1,940,070)	(6,060,069)	(1,845,237)	(6,135,237)	(1,744,509)	(6,214,509)	(1,637,734)	(3,707,734)	(1,590,544)
CYAC vs CDC	(1,000,000)	(1,000,000)	-	-	-	-	-	-	-	-
Sewer Fund Loan Repayment (last pmt 6/2013)	-	(420,000)	-	-	-	-	-	-	-	-
Loan Agreement with JPFA (police facility)	(320,000)	-	(320,000)	-	(320,000)	-	(320,000)	-	(320,000)	-
Admin Cost	(459,220)	(249,000)	(204,330)	(167,692)	(206,373)	(169,369)	(208,437)	(171,063)	(210,521)	(172,774)
Legal services	(628,965)	(335,600)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)
General Property Management	-	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
CDC Property Maintenance	(127,068)	(37,710)	(37,710)	(37,710)	(37,710)	(37,710)	(37,710)	(37,710)	(37,710)	(37,710)
Other Professional Services	(53,799)	(189,388)	(189,388)	(189,388)	(189,388)	(189,388)	(189,388)	(189,388)	(189,388)	(189,388)
Total Non-Housing Obligations	(13,404,104)	(4,251,768)	(7,765,288)	(2,395,027)	(7,043,708)	(2,295,976)	(7,125,044)	(2,190,895)	(4,620,353)	(2,145,416)
Housing Obligations:										
WI-TOD housing Project	(3,627,568)	(4,800,638)	-	-	-	-	-	-	-	-
Total Housing Obligations	(3,627,568)	(4,800,638)	-	-	-	-	-	-	-	-
Total SA Obligations	(17,031,672)	(9,052,406)	(7,765,288)	(2,395,027)	(7,043,708)	(2,295,976)	(7,125,044)	(2,190,895)	(4,620,353)	(2,145,416)
Net of Non-Hsing Obligations (over)/under available funding	(8,429,465)	(7,280,692)	-	-	-	-	-	-	-	-
Net of Housing Obligations (over)/under available funding	4,800,638	-	-	-	-	-	-	-	-	-
Net of all obligations (over)/under all available funding	(3,628,827)	(7,280,692)	(8,184,980)	(4,940,264)	(5,054,862)	(1,655,198)	(1,782,341)	1,778,861	4,225,888	7,889,590

Notes

1. Bond proceeds and debt service reserves held by the trustee banks cannot be used to meet cash flow needs or other obligations of the SA and are therefore excluded from this analysis.
2. Property tax, admin fees and pass through payments for ROPS 3 are based on estimates provided by the County of San Diego on Oct. 1, 2012. Increase over prior year appears to be about 2.55%. ROPS 4 estimate is based on the same percentage change. See calculation below. Future year property tax revenues are assumed to grow by 1% annually.
3. Base pass-through payments and County administrative fees are assumed to total \$1.30 million for ROPS 3 and 4 combined based on actual pass through payments for FY10-11 and actual admin fees for FY11-12. The amount for ROPS 3 is the estimate provided by the County on Oct. 1, 2012 and includes a one time true up for a pass through payment to National City that was missed in June 2012. Amounts are assumed to increase by 1% for each of the ensuing ROPS periods.
4. Not a line item in ROPS 2, but shown here because it was an expense that occurred during the ROPS 2 period that affects the assets and cash of the SA.

Agency Contact Information

Name: Brad Raulston Name:
Title: Executive Director Title:
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Date: 11/14/2012 Date:

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: APPROVED DENIED

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: YES DATE AGENCY NOTIFIED: _____