

Oversight Board for Redevelopment Agency Successor Agency (RASA)

Meeting Date: 6/4/2012

Report Type: Consent

Title: 2012 Cash Projection for RASA

Recommendation: Receive and file a report that provides a general overview of RASA's cash position for calendar year 2012.

Contact: Dennis Kauffman, RASA Staff Person and Accounting Manager, City of Sacramento, 916-808-5843

Presenter: Dennis Kauffman, RASA Staff Person, 916-808-5443

Issue: As of February 1, 2012 the Redevelopment Agency of the City of Sacramento was dissolved and the City, as the Redevelopment Agency Successor Agency received both the assets and liabilities of the Agency. This report outlines, in general terms, the cash flow projection for calendar year 2012 funded from those transfers.

Attachments:

- 1- Description/Analysis
2. Attachment 1 – RASA Financial Overview



DESCRIPTION/ANALYSIS

Issue: As of February 1, 2012, the City became the recognized Successor Agency to the Redevelopment Agency for the City of Sacramento (RASA) for all non-housing functions and obligations and assumed both the assets and the enforceable obligations of the Agency. This report outlines, in general terms, the cash balances transferred from the Sacramento Housing and Redevelopment Agency (SHRA) and the cash flow projection for calendar year 2012 funded by those transfers.

The County Auditor-Controller has contracted with Macias, Gini and O'Connell, LLP to perform the required agreed-upon procedures (AUP) engagement to meet the audit requirements of AB1X 26 (AB 26). The AUP includes procedures to review the RASA's enforceable obligations, and to verify that the payments made to date are listed on the Enforceable Obligations Payment Schedule/ Recognized Obligations Payment Schedule (EOPS/ROPS). Work has begun on the audit and the results of the audit, as well as more detailed financial information relative to RASA's finances, will be provided to the Board at the June 18, 2012 meeting.

Policy Considerations: AB 26 mandates that the successor agency take steps to wind down the activities of the former redevelopment agency. The Finance Departments of SHRA and the City, as successor agency, have been working diligently to complete the transition of assets, to set up the necessary financial systems for RASA, and to assist in the audit process.

Environmental Considerations: This item is an administrative, organizational, and fiscal matter and thus does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) according to Section 15378(b)(2), (4) and (5) of the CEQA Guidelines.

Rationale for Recommendation: There is no recommendation associated with this informational report.

Financial Considerations: Over the past few months, City and SHRA staff have worked to transition the non-housing redevelopment assets to the City as Successor Agency. City Finance staff have established the Redevelopment Obligation Retirement Fund required by AB 26, as well as 61 separate RASA funds to segregate the former redevelopment assets and enforceable obligations.

After SHRA staff reconciled their January 31, 2012 cash balances and reviewed them with City staff, the City Treasurer's Office transferred approximately \$95 million of cash from SHRA investment pools to the City investment pool to be used to pay the nearly \$900 million of obligations on the ROPS. The \$95 million of cash consisted of approximately \$42 million of former tax increment, \$27 million of bond proceeds, \$7 million of housing debt service funds, and \$19 million of cash proceeds from the sale of the Sheraton Grand Hotel. The Low and Moderate Income Housing portion of these totals was \$15 million: \$3 million of former tax increment, \$5 million of unallocated bond proceeds and \$7 million of debt service funds. Since February 1, 2012, the City, as Successor Agency, has disbursed approximately \$2 million for items listed on the ROPS, bringing the current available cash on hand balance to approximately \$93 million.

At the direction of the State Department of Finance, and with the concurrence of City staff, the Sheraton sales proceeds will be removed as a RASA asset and transferred to the City to be managed as a City of Sacramento asset (a related staff report is on the June 4th agenda).

Assuming conservatively that all remaining project obligation balances totaling \$39 million are disbursed by the end of the year, the available cash balance to honor debt service would be \$27 million. The debt service payments due between now and December 2012 total approximately \$41 million, including a \$12 million Line of Credit due in December 2012. The difference of \$14 million is expected to be received from the County Auditor-Controller's Redevelopment Property Tax Trust Fund (RPTTF; i.e., property tax revenues) on June 1st, 2012, based on the July to December 2012 ROPS. A summary of this cash projection is included as Attachment 1 and a flow chart of funds is included as Attachment 2.

In addition to cash and investments, the City as Successor Agency is taking responsibility for collecting and administering 36 non-housing redevelopment loans. Any collections on the loans will provide additional resources to pay the identified obligations.

It is important to note that this cash projection assumes that RASA can pool cash from all of the redevelopment areas, as suggested by the County Auditor-Controller. The projection also assumes that the \$8 million of unallocated bond proceeds will be used for future debt service payments and that the outstanding Bank of America lines of credit will be paid when they come due in December 2012.

Calendar year 2013 debt service payments will be funded by transfers from the RPTTF on January 16, 2013 and June 1, 2013, based on the January to June 2013 ROPS and July – December 2013 ROPS, respectively.



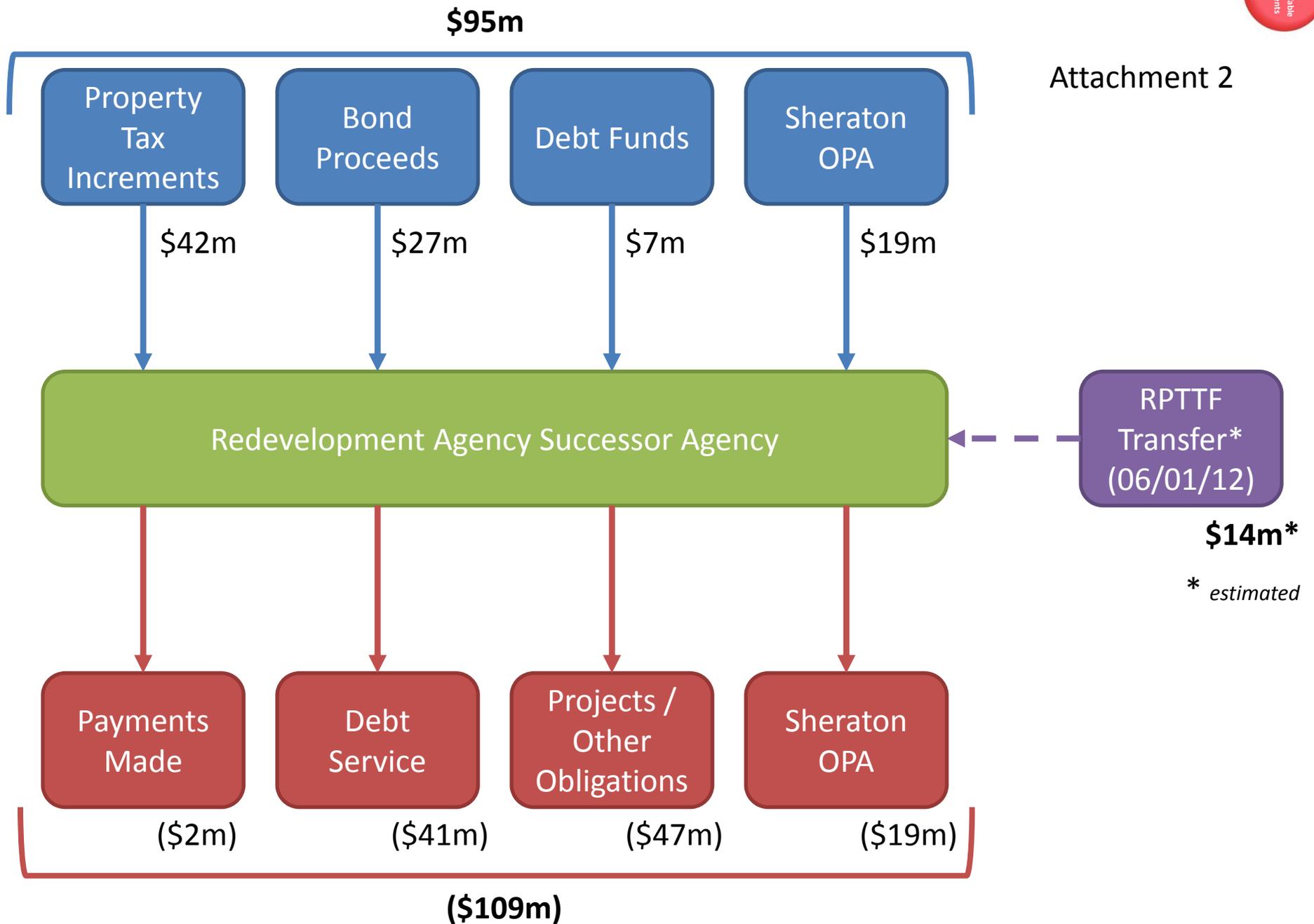
Successor Agency Calendar Year 2012 Cash Projection Summary (in millions)

Non-housing (80%) TI	\$ 39
Housing (20%) TI	3
Non-housing (80%) bond proceeds	22
Housing (20%) bond proceeds	5
Housing (20%) debt service funds	7
Sheraton OPA	19
Total cash received from SHRA	95
Cash disbursements to date	(2)
Current cash on hand	93
Sheraton OPA transfer to City	(19)
Projects/other obligations funded by cash	(39)
Unallocated bond proceeds for future debt service	(8)
Net cash available for debt service	27
Estimated Second ROPS transfer from RPTTF on 6/1	14
Net cash available for debt service after 6/1	41
Spring debt service	(5)
Fall debt service	(36)
Estimated ending cash balance	\$ -

Assumptions: This schedule assumes that RASA will:

- (1) pool cash from all redevelopment areas to satisfy debt obligations
- (2) use the remaining \$8M of unallocated bond proceeds restricted to satisfy debt obligations
- (3) use available cash to pay BofA lines of credit when they mature in December 2012 (i.e. assumes no extension).

The feasibility of these actions are being currently being evaluated by City Attorney, Treasurer, and Finance staff.



Estimated Cash Balance on 12/31/12: \$0m