

Lindsay Oversight Board Agenda

Council Chambers at City Hall
251 E. Honolulu, Lindsay, Ca. 93247

August 19, 2013 at 10:00am

1. OPEN SESSION

- A. **CALL TO ORDER:** 10:00 am
- B. **ROLL CALL:** Board members McQueen, Lara, Calvin, Hemaidan, Ishida, Mercer, Wilkinson
- C. **Flag Salute:**

2. PUBLIC COMMENT –

The public is invited to comment on any subject under the jurisdiction of the Board, including agenda items, other than noticed public hearings. Comments shall be limited to three (3) minutes per person, with thirty (30) minutes overall for the entire comment period, unless otherwise indicated by the Chairperson.

3. Approval of Meeting Minutes for February 28, 2013 (pg. 1-2)

4. Update on the following:

- a) **Department of Finance (DOF's) Final Letter for:**
 - **Low/Mod Income Housing Fund Due Diligence Review (LMIHF DDR)** (pg. 3-8)
 - **Other Funds Due Diligence Review** (pg. 9-14)**Presented by Tamara Laken - Finance Director**
- b) **Bond Rating:** (pg 15-24)
Presented by Tamara Laken - Finance Director
- c) **Properties:** (pg. 25-26)
Presented by Bill Zigler – Planning & Economic Development Director

6. Adjournment

Notice: if documents are distributed to board members concerning an agenda item within 72 hours of a regular board meeting, at the same time the documents will be made available for public inspection at City Hall located at 251 E. Honolulu during regular business hours. If a disability-related modification or accommodation is requested, please contact City Manager's Office at 559-562-7103. In compliance with the Americans with Disabilities Act and the California Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact City Manager's Office at (559) 562-7103. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting and/or provision of an appropriate alternative format of the agenda and documents in the agenda packet.

Lindsay Oversight Board

Regular Meeting
Council Chambers at City Hall
251 East Honolulu, Lindsay, California
Thursday, February 28, 2013
9:00 a.m.

CALL TO ORDER.

Chairman McQUEEN called the meeting noted above to order at 9:00 a.m. in the Council Chambers at City Hall, 251 E. Honolulu, Lindsay, California.

BOARD PRESENT: ISHIDA, WILKINSON, LARA, HEMAIDAN, McQUEEN.
MERCER arrived at 9.:08am

BOARD ABSENT: CALVIN.

STAFF PRESENT: Maria Knutson, Tamara Laken and Bill Zigler.

FLAG SALUTE: Led by Board member LARA.

PUBLIC COMMENT: None.

APPROVAL OF FEBRUARY 11, 2013 MINUTES.

Chairman McQueen: Board members, you have reviewed the minutes of the February 11, 2013 Board meeting, if they are acceptable, do I hear a motion to approve?

ACTION:

On Motion by WILKINSON and Second by ISHIDA, Minutes were approved as presented.

REQUEST TO AMEND RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

City Finance Director, Tamara Laken stated staff is requesting Board authorization to include an amendment recently approved by the Department of Finance. In conversations with the Department of Finance they said, this is a usable and enforceable obligation, that money can be used as good faith to go on that RDLP loan and they'll allow us on that good faith payment to restructure the \$3.69 million loan and use residual balances in the future, as a payment mechanism for that loan. So the Department of Finance is allowing us to submit this Resolution report as though they had not received the other. The Amended Board Resolution covers July1, 2013 thru December 31, 2013 and will be submitted to the Department of Finance as required.

ACTION:

Upon Motion by LARA, and Second by HEMAIDAN, THE LINDSAY OVERSIGHT BOARD APPROVED AMENDED RESOLUTION 13-03 THE FINAL ROPS RESOLUTION FOR JULY 1, 2013 - DECEMBER 31, 2013, BY UNANIMOUS VOTE.

AYES: LARA, HEMAIDAN, MERCER, ISHIDA, WILKINSON, McQUEEN.
NOES: NONE.
ABSENT: CALVIN.
ABSTAIN: NONE.

SUMMARY OF PASS THRU DETAIL FY 2012-2013

This was not an agenda item but the support information for the request to amend the Summary of Obligation Payment Schedule that is included with resolution 13-03. It required no discussion or Board Action.

ADJOURN. Upon motion of WILKINSON, Second of LARA, Chairman McQUEEN, adjourned the meeting of the Lindsay Oversight Board at 9:20 a.m.

ATTEST:

LINDSAY OVERSIGHT BOARD

Carmela Wilson, City Clerk

Greg McQueen, Chairperson

February 21, 2013

Ms. Tamara Laken, Finance Director
City of Lindsay
251 E. Honolulu
Lindsay, CA 93247

Dear Ms. Laken:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

The City of Lindsay Successor Agency (Agency) submitted an oversight board approved Low and Moderate Income Housing Fund Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 28, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the October 15, 2012 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the November 9, 2012 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of Low and Moderate Income Housing Fund (LMIHF) available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Balances retained for fiscal year 2012-13 obligations in the amount of \$3,690,000. The agency requested to retain balances to satisfy a CalHFA Loan payment listed on line 12 of the January through June 2013 Recognized Obligation Payment Schedule (ROPS III). Finance review indicates that the funding source approved for this item on ROPS III was "Other" and not LMIHF; therefore, the retention of LMIHF balances is not allowed.

If you disagree with Finance's adjusted amount of LMIHF balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's LMIHF balance available for distribution to the affected taxing entities is \$2,288,422 (see table below).

LMIHF Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ (1,401,578)
Finance Adjustments	
Add:	
Requested retained balance not supported:	3,690,000
Total LMIHF available to be distributed:	\$ 2,288,422

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

Pursuant to HSC 34179.6 (h) (1) (B), any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the Agency's failure to recover and remit those funds may result in offsets to its sales and use tax allocation or to its property tax allocation.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.


In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated August 29, 2012 do not in any way eliminate the Controller's authority.

Ms. Laken
February 21, 2013
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Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long horizontal stroke extending to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay
Ms. Sharla Allison, Chief Accountant, Tulare County
Ms. Rita A. Woodard, Auditor-Controller, Tulare County
California State Controller's Office

March 25, 2013

Ms. Tamara Laken, Finance Director
City of Lindsay
251 E. Honolulu
Lindsay, CA 93247

Dear Ms. Laken:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's original Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letter dated February 21, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Lindsay Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to the California Department of Finance (Finance) on January 28, 2013. Finance issued a LMIHF DDR determination letter on February 21, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on March 8, 2013.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance continues to believe the adjustments made to the DDR's stated balance of LMIHF available for distribution to the taxing entities is appropriate. HSC section 34179.6 (d) authorizes Finance to make these adjustments. We maintain the adjustments continue to be necessary for the following reason:

- Balances retained for fiscal year 2012-13 obligations in the amount of \$3,690,000. The agency requested to retain balances to satisfy a CalHFA Loan payment listed on line 12 of the January through June 2013 Recognized Obligation Payment Schedule (ROPS III). Finance review indicates that the funding source approved for this item on ROPS III was "Other" and not LMIHF. The Agency contends that the CalHFA Loan repayment mechanism was to derive from proceeds from property lot sales equaling \$30,000 each. The sales of these properties have not materialized and the Agency has not received these funds to make payments. Therefore, use of "Other" funds or the retention of LMIHF balances as previously communicated in Finance's determination letter are not allowed.

Further review of additional or clarifying information provided to Finance during the Meet and Confer process has prompted Finance to make the following adjustment to the DDR's stated balance of LMIHF available to the taxing entities. Specifically, we are adjusting for the following reasons:

- An amount of \$1,710,000 is being adjusted to non-cash or equivalent assets held by the Agency as of June 30, 2012. The Agency provided supporting documentation to

demonstrate ownership of a property purchased for \$1,710,000 from the City of Lindsay (City). Accounting records of the Agency show the asset being held in a "Due From City" account, whereas the grant deed shows the asset is owned by the Agency. Finance made an adjustment to the Agency's asset balances reported in the DDR. Since the Property is a non-cash or cash equivalent asset, the balance available to the taxing entities is reduced by \$1,710,000.

The Agency's LMIHF balance available for distribution to the affected taxing entities has been revised to \$578,422 (see table below).

LMIHF Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ (1,401,578)
Finance Adjustments	
Non-cash or cash equivalents	(1,710,000)
Unallowed balances retained for fiscal year 2012-13 obligations	3,690,000
Total LMIHF available to be distributed:	\$ 578,422

This is Finance's final determination of the LMIHF balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

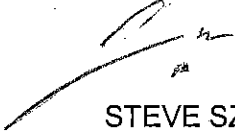
Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's

Ms. Laken
March 25, 2013
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Housing Assets Transfer letter dated August 29, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay
Ms. Rita A. Woodard, Auditor-Controller, Tulare County
California State Controller's Office



April 9, 2013

Ms. Tamara Laken, Finance Director
City of Lindsay
251 E. Honolulu
Lindsay, CA 93247

Dear Ms. Laken:

Subject: Other Funds and Accounts Due Diligence Review

The City of Lindsay Successor Agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on January 28, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Balances needed to satisfy fiscal year 2012-13 obligations in the amount of \$763,506. The enforceable obligations listed in the DDR for this amount are included in Recognized Obligation Payment Schedule for the period January 1, 2013 through June 30, 2013. These obligations will be paid with the Redevelopment Property Tax Trust Fund (RPTTF) distribution the Agency received from the Tulare County Auditor-Controller's office in January 2013. The Agency received \$645,500 in RPTTF distribution; the Agency received sufficient funding to cover debt service payments for the period and may request the amount requested for reserves on future ROPS. Therefore, the retention of the amount is not allowed.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's OFA balance available for distribution to the affected taxing entities is \$1,537,273 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 773,767
Finance Adjustments	
Add:	
Retained balances to satisfy 2012-13 ROPS:	763,506
Total OFA available to be distributed:	\$ 1,537,273

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Ms. Tamara Laken
April 9, 2013
Page 3

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,

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STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay
Ms. Sharla Allison, Chief Accountant, Tulare County
Ms. Rita A. Woodard, Auditor-Controller, Tulare County
California State Controller's Office



May 9, 2013

Ms. Tamara Laken, Finance Director
City of Lindsay
251 E. Honolulu
Lindsay, CA 93247

Dear Ms. Laken:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated April 9, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Lindsay Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 28, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013, submittal deadline pursuant to HSC section 34179.6 (c), Finance was not bound to completing its review and making a determination by the April 1, 2013, deadline pursuant to HSC section 34179.6 (d). Finance issued an OFA DDR determination letter on April 9, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 30, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- The Agency requested to retain balances to satisfy fiscal year 2012-13 obligations in the amount of \$1,097,073. Based on further review during the Meet and Confer process, the Agency may retain \$1,870,840 (= \$694,201 + \$118,006 + \$1,058,633) for enforceable obligations and the OFA balance available will be decreased by \$773,767 (= \$1,097,073 - \$1,870,840), as further discussed below.
 - For the July through December 2012 ROPS (ROPS II) period, Finance approved and the County Auditor Controller (CAC) distributed \$330,500 from the Redevelopment Property Tax Trust Fund (RPTTF). Additionally, the Agency expended \$363,701 on debt service obligations during the ROPS II period from the reserves established during the January through June 2012 ROPS (ROPS I) period. Therefore, the Agency may retain \$694,201 (= \$330,500 + \$363,701) from the OFA balances for approved ROPS II enforceable obligations.

For the \$363,701 received during the ROPS I period and expended from Reserves during the ROPS II period, Finance notes that amounts requested and

approved in a ROPS are effective only for the six-month period covered. To the extent the Agency does not expend funds approved and received on a ROPS until a subsequent period, the Agency should relist the unexpended amounts that need to be retained for those enforceable obligations on the subsequent ROPS with the funding source as "Reserves" or "Other" and an entry in the Notes section indicating the funds were received in a prior ROPS period.

- o For the January through June 2013 ROPS period (ROPS III), Finance approved \$763,506 and the CAC distributed \$645,500 from the RPTTF. Additionally, the CAC made a \$12,424 adjustment for the ROPS I period on the ROPS III January 2, 2013 distribution pursuant to HSC section 34186 (a). This resulted in a \$105,582 (= \$763,506 - \$645,500 - \$12,424) funding shortfall for the ROPS III period. Therefore, the Agency may retain \$118,006 (= \$12,424 + \$105,582) for approved enforceable obligations in the ROPS III period.
- o For the July through December 2013 ROPS period (ROPS 13-14A), Finance has approved \$4,150,354 from the RPTTF. The CAC estimates that \$735,461 will be available to the Agency from the RPTTF. Therefore, the Agency may retain the remaining balances on hand of \$1,058,633 (= \$1,097,073 + \$773,767 - \$694,201 - \$118,006) for the anticipated shortfall in the ROPS 13-14A period.

The Agency's OFA balance available for distribution to the affected taxing entities is \$0 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 773,767
Finance Adjustments	
Add:	
Retained balances to satisfy 2012-13 ROPS:	(773,767)
Total OFA available to be distributed:	\$ -

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable

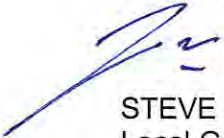
to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Knutson, Administrative Supervisor, City of Lindsay
Ms. Sharla Allison, Chief Accountant, Tulare County
Ms. Rita A. Woodard, Auditor-Controller, Tulare County
California State Controller's Office

RatingsDirect®

Summary:

Lindsay Redevelopment Agency, California; Tax Increment

Primary Credit Analyst:

Carl J Hargreaves, San Francisco (1) 415-371-5089; carl.hargreaves@standardandpoors.com

Secondary Contact:

Sussan S Corson, New York (1) 212-438-2014; sussan.corson@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Lindsay Redevelopment Agency, California; Tax Increment

Credit Profile

Lindsay Redev Agy tax incre (Lindsay Redev Proj #1)

Unenhanced Rating

BBB+(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services affirmed its 'BBB+' long-term rating and underlying rating (SPUR) on Lindsay Redevelopment Agency, Calif.'s series 2005, 2007, and 2008 tax allocation bonds. The outlook is stable.

The rating reflects our view of the project area's:

- Concentrated tax base, with the top 10 taxpayers accounting for 43.5% of assessed value (AV);
- High volatility (base-year to total AV) ratio of 0.38, indicating our view that a moderate decline in AV would cause a large decline in revenue; and
- Agriculture base- economy with high unemployment and low income levels.

Partly offsetting the above strengths, in our view, are the project area's:

- Steady AV levels, and
- Adequate 1.35x maximum annual debt service (MADS) coverage from pledged revenue.

The bonds are secured by tax increment revenue, including the 20% housing set-aside revenue but net of pass-through requirements, for the Lindsay Redevelopment Agency's Project Area No. 1.

The project area encompasses 1,456 acres and approximately 88% of the City of Lindsay, including the commercial downtown area. The majority of the project area's AV, 52.37%, comes from residential property, while commercial and industrial property account for 9.3% and 12.7%, respectively. The project area's tax base is, in our opinion, highly concentrated. The largest taxpayer, a dairy farm, accounted for 9.5% of total AV and the top 10 property owners account for a combined 43.5%.

AV for the district has remained relatively stable during the past five years, with a net increase of approximately 2%. After four years of modest increases, AV fell by 1% in fiscal 2013. The majority of the decline is from the reassessment of residential properties. Management is unaware of any major AV appeals.

The project area's volatility ratio is, in our opinion, high at 0.38. This measures the impact on tax increment revenue from a change in AV, and the high ratio indicates our view that a modest decline in AV would cause a large revenue decline. This is displayed by the 1% drop in 2013 AV leading to a 1.7% decline in tax increment revenue. MADS

coverage from 2013 revenue is an adequate 1.35x. We estimate that the project area could withstand a loss of approximately 16% and still generate enough revenue to cover MADS by 1x.

Since the dissolution of redevelopment agencies, the agency has been requesting reserves in its January-June recognized obligation payment schedule, when its interest-only payments are due, to help pay its larger principal and interest payment due each August. The agency has reported \$254,000 of available reserves for its fall debt service payment. When the reserves are combined with the \$753,000 disbursement given to the agency in June of 2013, we estimate that the agency will have sufficient cash to make its Aug. 1, 2013 debt service payments on the bonds.

The City of Lindsay is located in Tulare County, roughly 60 miles north of Bakersfield and 60 miles southeast of Fresno. The local economy is largely driven by agricultural production. Income levels for the city are what we consider to be low, with median household effective buying income at 62% of the national average. In addition, unemployment is much higher than the national average, at 15.7%.

Outlook

The stable outlook reflects our view of the stability of AV in recent years. We could lower the rating if AV declines were to cause coverage to decline to levels that we consider to be low. We could also lower the rating if taxpayer concentration increases or the volatility ratio decreases in the next two years.

Related Criteria And Research

USPF Criteria: Special-Purpose Districts, June 14, 2007

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June 7, 2013

City of Lindsay
Finance Department
311 North Tustin - Suite230
Orange, CA 92865
Attention: Ms. Tamara Laken, Finance Department Director

Re: *Lindsay Redevelopment Agency, California, Tax Increment (Lindsay Redevelopment Project #1)*

Dear Ms. Laken:

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One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 40159368

June 7, 2013

City of Lindsay
Finance Department
311 North Tustin - Suite230
Orange, CA 92865
Attention: Ms. Tamara Laken, Interim Department Director

Re: *Lindsay Redevelopment Agency, California, Tax Increment (Lindsay Redevelopment Project #1)*

Dear Ms. Laken:

Standard & Poor's Ratings Services ("Ratings Services") hereby affirms its rating of "BBB+" for the above-referenced obligations and stable outlook. A copy of the rationale supporting the rating and outlook is enclosed.

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LINDSAY REDEV AGENCY OWNED PARCELS

19 LOT SEQUOIA VILLAS SUBDIVISION TRANSFERRED TO THE HOUSING AUTHORITY OF TULARE COUNTY ON 7/13/2012 (DOC # 2012R0044425 - 19 LOTS) AND 4/16/2013 (DOC # 2013R0023533 - OUTLOTS A & B)

10 UNIT ASHLAND APARTMENT COMPLEX TRANSFERRED TO THE HOUSING AUTHORITY OF TULARE COUNTY ON 3/28/2013 (DOC # 2013R0019450)

Legend

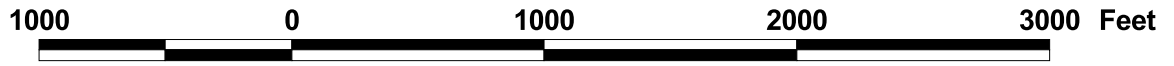
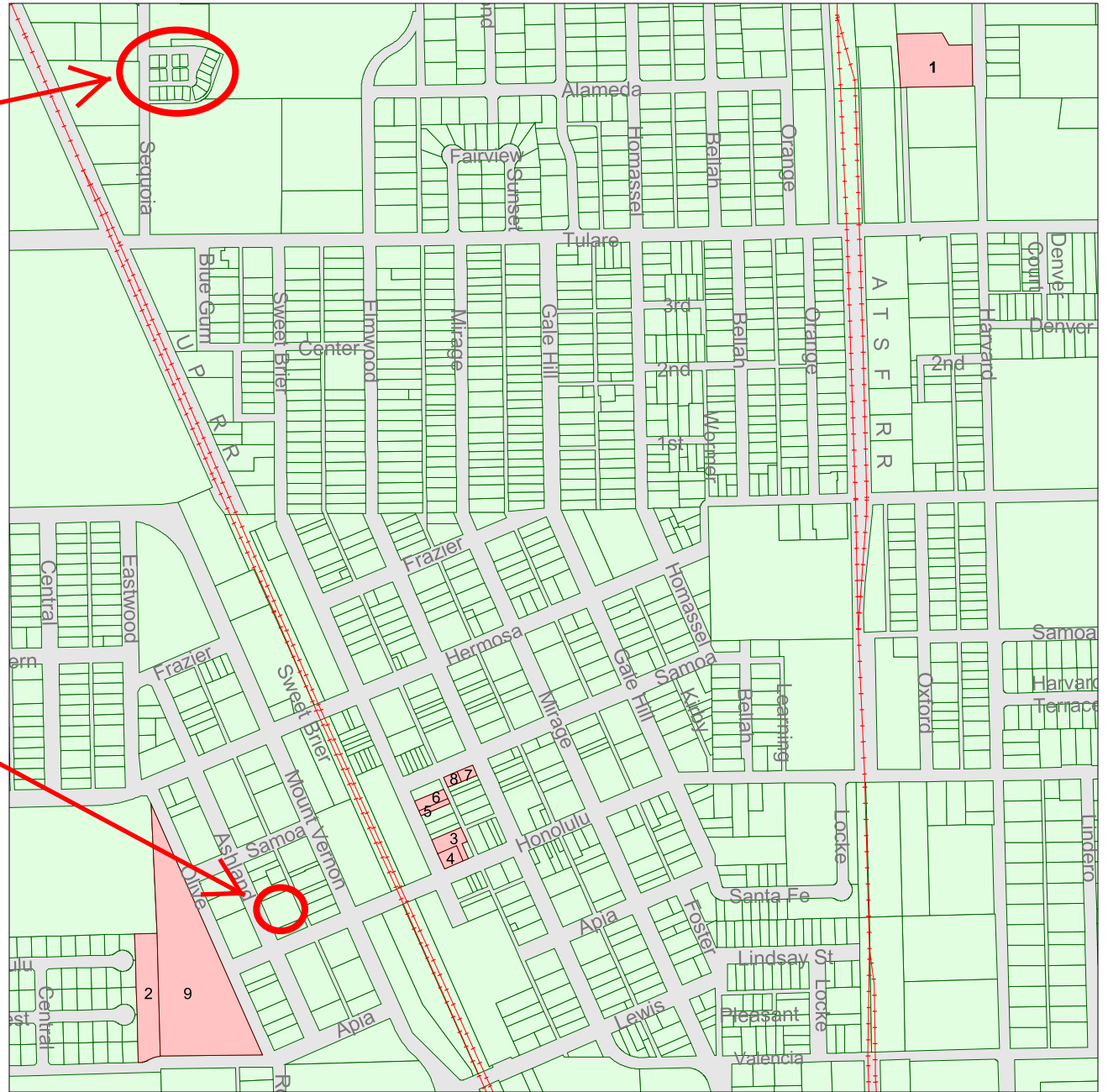
-  Redevelopment Agency Owned Parcels June 2013
-  Railroad
-  City Limits
-  Parcel
-  Right of Way



Base Data Provided by Tulare County
 Created by William Zigler
 Planning
 Printed August 13, 2013

The Features Produced by These Data Are
 Only Representations and Are Not Intended
 for Legal or Survey Purposes.

Lindsay, CA 93247



Lindsay RDA Owned Parcels
June 2013

INDEX	APN	SUM_AREA	OWNER	DOC_DATE	DOC_NUMB	LAND_VAL	IMP_VAL
1	201090037	80899.9393	LINDSAY REDEVELOPMENT AGENCY	930805	93R54697	22568.00000	0.00000
2	205030044	62374.3128	LINDSAY REDEVELOPMENT AGENCY	080325	08R21470	1.00000	0.00000
3	205282012	12969.4490	LINDSAY REDEVELOPMENT AGENCY	980826	98R60895	48828.00000	0.00000
4	205282013	7219.8840	LINDSAY REDEVELOPMENT AGENCY	980826	98R60896	25696.00000	73421.00000
5	205282017	3731.3181	LINDSAY CITY OF REDEVELOPMENT AGENC	010824	01R63533	32288.00000	5764.00000
6	205282018	7062.8219	LINDSAY CITY OF REDEVELOPMENT AGENC	010824	01R63533	65152.00000	0.00000
7	205282019	4026.0655	LINDSAY CITY OF REDEVELOPMENT AGENC	981211	98R92357	14685.00000	19579.00000
8	205282020	3518.1198	LINDSAY CITY OF REDEVELOPMENT AGENC	981211	98R92357	12850.00000	0.00000
9	205320001	281142.7689	LINDSAY REDEVELOPMENT AGENCY	080325	08R21470	87068.00000	0.00000