

**AGENDA
OVERSIGHT BOARD TO THE
CITY OF SAN DIMAS SUCCESSORY AGENCY**

**APRIL 24, 2014 4:00 P.M.
SAN DIMAS COUNCIL CHAMBERS CONFERENCE ROOM
245 EAST BONITA AVENUE
SAN DIMAS, CA 91773**

1. Call to Order
2. Approval of Minutes of February 13, 2014
3. Review and Consideration of Resolution No. 26 – A Resolution of the Oversight Board of the former San Dimas Redevelopment Agency approving the transfer of housing assets from the Successor Agency to the San Dimas Housing Authority
4. Update on City Loan Review by the Department of Finance
5. Update on the Long Range Property Management Plan
6. Reports from Staff
7. Public Comment
8. Reports of Board Members
9. Adjournment

MINUTES
OVERSIGHT BOARD TO THE
CITY OF SAN DIMAS SUCCESSOR AGENCY

FEBRUARY 13, 2013 4:00 P.M.
SAN DIMAS COUNCIL CHAMBERS CONFERENCE ROOM
245 E. BONITA AVENUE
SAN DIMAS, CA 91773

Present: Chairman Curt Morris, Board Members Bonnie Bowman, A.F. Feldbush, Ann Sparks, Brian Stiger, David Hall

Successor Agency Staff: City Manager Blaine Michaelis, Assistant City Manager Ken Duran, Finance Manager Barbara Bishop, Accounting Tech Steve Valdivia, City Attorney J. Kenneth Brown.

ABSENT: Larry Stevens

CALL TO ORDER

Chair Morris called the meeting to order at 4:10 pm

APPROVAL OF MINUTES OF SEPTEMBER 26, 2013

Board member Feldbush made a motion to approve the minutes of September 26, 2013 as submitted. The motion was seconded by Board member Sparks and passed by a vote of 6-0-1 with Board member Stevens absent.

RESOLUTION NO. 22 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER SAN DIMAS REDEVELOPMENT AGENCY FINDING THAT THE LOAN FROM THE FORMER SAN DIMAS REDEVELOPMENT AGENCY’S LOW AND MODERATE INCOME HOUSING FUND TO THE FORMER SAN DIMAS REDEVELOPMENT AGENCY FOR THE PURPOSE OF MEETING THE FORMER SAN DIMAS REDEVELOPMENT AGENCY FOR THE PURPOSE OF MEETING THE FORMER AGENCY’S SERAF OBLIGATION IS AN ENFORCEABLE OBLIGATION AND APPROVING THE SAME AND ADOPTING A REPAYMENT SCHEDULE PURSUANT TO HSC SECTION 34171 (d) (1) (G)

Mr. Duran provided an overview of the process for the submission for the repayment of city loans for the Oversight Board including the process to apply the statutory formula

process to determine the maximum repayment amount available each year which has been determined to be \$283,154 for the upcoming submission.

Mr. Duran summarized the outstanding balance of the SERAF loan to be \$1,251,331 with an anticipated potential payoff of the loan in 2017-18.

Resolution No. 22 was read by title only. Board member Feldbush made a motion to approve Resolution No. 22 as submitted. The motion was seconded by Board member Bowman and passed by a vote of 6-0-1 with Board member Stevens absent.

REVIEW AND CONSIDERATION OF RESOLUTION NO. 23 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER SAN DIMAS REDEVELOPMENT AGENCY FINDING THAT LOANS PREVIOUSLY ENTERED INTO BETWEEN THE CITY OF SAN DIMAS AND THE FORMER SAN DIMAS REDEVELOPMENT AGENCY WERE FOR LEGITIMATE REDEVELOPMENT PURPOSES AND THEREFORE ENFORCEABLE OBLIGATIONS UNDER HSC SECTION 34191.4 (b) AND APPROVING THE SAME AND A LOAN CONSOLIDATION AND NEW INTEREST AND PAYMENT SCHEDULE

Mr. Duran provided an overview of the 3 city loans – Creative Growth, Walker House, and Rancho San Dimas. Board member Hall asked what had changed for city loans to be considered for repayment. Mr. Duran explained that in the original Redevelopment dissolution, city loans were excluded as a Recognized Obligation. However subsequent legislation AB 1484 was adopted which provides for city loan repayments subject to a series of conditions and adjustments.

Mr. Duran explained the history and chronology of the activity of the 3 city loans over time. He then reviewed the process to prepare the revisions to the loans in compliance with the provisions of AB 1484 to include interest rate adjustments to the LAIF interest rates at the time. Mr. Duran reviewed prepared materials outlining a recalculation of the loans with a combined new principal amount of \$11,947,719.08. Based on general assumptions, the loan payments may need to go to 2036-37 to ultimately be completely paid. Mr. Duran reviewed these calculations and procedures with the Board and noted the findings within Resolution No. 23.

Mr. Michaelis provided some background on what is happening with other agencies and court proceedings dealing with city loans. Mr. Michaelis also indicated that the city intends to speak with legislators to explain what is happening as the provisions of AB 1484 are applied to city loans.

Resolution No. 23 was read by title only. Board member Hall made a motion to approve Resolution No. 23 as submitted. The motion was seconded by Board member Feldbush and passed by a vote of 6-0-1 with Board member Stevens absent.

REVIEW AND CONSIDERATION OF RESOLUTION NO. 24 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF JULY 1, 2014 THROUGH DECEMBER 31, 2014 PURSUANT TO THE HEALTH AND SAFETY CODE SECTION 34177

Mr. Duran reviewed previous submissions and payments for Administrative Costs. The proposed Administrative Costs for ROPS 14-15A is \$140,000.

Resolution No. 24 was read by title only. Board member Feldbush made a motion to approve Resolution No. 24 as submitted. The motion was seconded by Board member Bowman and passed by a vote of 6-0-1 with Board member Stevens absent.

REVIEW AND CONSIDERATION OF RESOLUTION NO. 25 – A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE JULY 1, 2014 THROUGH DECEMBER 31, 2014 RECOGNIZED PAYMENT OBLIGATION SCHEDULE (ROPS 14-15 a) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180 (g)

Mr. Duran explained the recommendations for the 14-15 A ROPS.

Resolution No. 25 was read by title only. Board member Hall made a motion to approve Resolution No. 25 as submitted. The motion was seconded by Board member Bowman and passed by a vote of 6-0-1 with Board member Stevens absent.

UPDATE ON THE LONG RANGE PROPERTY MANAGEMENT PLAN

Mr. Duran summarized the previously submitted Long Range Property Management Plan, noting that the plan was to retain the properties and pursue a sale consistent with the city and former Redevelopment Plans for those properties. The State Department of Finance offered their opinion that if the property was retained, that the city would need to enter into a compensation agreement with the other agencies and purchase the properties. Successor Agency Attorney Mr. Brown expressed a different opinion stating that the Successor Agency Long Range Property Management Plan is consistent with the provisions of the dissolution process.

REPORTS FROM STAFF

Mr. Duran noted that the original dissolution language included the possibility of State Controller Audits. He announced that the Controller's Office is coming next week to perform an audit of the Successor Agencies activities.

PUBLIC COMMENTS

None

REPORT OF BOARD MEMBERS

Board member Stiger offered appreciation for the good work of staff. Board member Bowman offered encouragement for the staff to speak with legislators to review the result of legislative actions that change and reduce the repayment of city loans.

ADJOURNMENT

5:15 pm.



Oversight Board Staff Report

DATE: April 24, 2014
TO: Successor Agency Oversight Board
FROM: Ken Duran, Assistant City Manager
SUBJECT: Approving the transfer of housing assets to the San Dimas Housing Authority

BACKGROUND

Health and Safety Code section 34167.5 requires the State Controller to conduct a review of activities of redevelopment agencies to determine whether an asset transfer occurred after January 1, 2011 through January 31, 2012 between the Agency and the City.

The State Controllers audit team is just concluding their audit of San Dimas. One of the items they have concluded is that the Oversight Board did not adopt a Resolution approving of the transfer of assets from the former redevelopment agency to the San Dimas Housing Authority. Therefore, Resolution No. 26 is presented to the Board for consideration to retroactively approve the asset transfer.

SUMMARY

Health and Safety Code Section 34176 provides that a City may elect to retain the housing assets and functions of a dissolved redevelopment agency. On January 24, 2012 the San Dimas City Council adopted Resolution 2012-06 electing to have the Housing Authority of the City of San Dimas retain the assets and functions of the dissolved San Dimas Redevelopment Agency.

Subsequent to the adoption of Resolution No. 2012-06 the housing assets of the dissolved Agency were transferred to the Housing Authority. The total amount of the assets was \$11,342,683. They included \$8,486,999 in cash; \$1,251,330 due from the outstanding SERAF loan; \$13,354,683 due from outstanding private party home improvement loans and \$1,591,000 in land held for resale for the four Grove Station units.

In October 2012 the Successor Agency contracted with the independent audit firm of Lance Soll & Lungard to conduct the Due Diligence Review of the Low and Moderate Income Housing Fund (DDR). The review identified the housing assets to be retained by the Housing Authority and excess funds available for distribution to the other taxing entities. The Review identified the funds that had been transferred to the Housing Authority and \$366,349 to be distributed to the other taxing entities. The Oversight Board approved the Due Diligence Review at your October 4, 2012 meeting and the DDR was ultimately approved by the Department of Finance.

Even though the Oversight Board approved the DDR, the Health and Safety Code requires that the Oversight Board take a separate action by adopting a Resolution approving the transfer of assets from the Successor Agency to the Housing Authority.

RECOMMENDATION

Staff recommends that the Oversight Board approve Resolution No. 26 approving the transfer of housing assets from the Successor Agency to the San Dimas Housing Authority.

RESOLUTION NO. 26

A RESOLUTION OF THE OVERSIGHT BOARD OF THE FORMER SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE TRANSFER OF HOUSING ASSETS FROM THE SUCCESSOR AGENCY TO THE SAN DIMAS HOUSING AUTHORITY

WHEREAS, HSC Section 34176 provides that a City Council may elect to retain the housing assets and functions of a dissolved redevelopment agency; and

WHEREAS, On January 24, 2012 the City Council of the City of San Dimas adopted Resolution No. 2012-06 electing to have the Housing Authority of the City of San Dimas retain the housing assets and functions of the dissolved San Dimas Redevelopment Agency; and

WHEREAS, Subsequent to the adoption of Resolution No. 2012-06 housing assets of the dissolved San Dimas Redevelopment Agency were transferred to the Housing Authority of the City of San Dimas; and

WHEREAS, Those assets totaled \$11,342,683 including; \$8,486,999 in cash, \$1,251,330 due from the outstanding SERAF loan, \$13,354 due from outstanding MAP loans and \$1,591,000 in land held for resale for the four Grove Station units; and

WHEREAS, The Oversight Board of the Former San Dimas Redevelopment Agency is required under HSC 34176 to approve of any transfer of assets from the Successor Agency to the housing successor agency, in this case the Housing Authority of the City of San Dimas.

NOW THEREFORE, THE OVERSIGHT BOARD DOES HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. The Board has reviewed the background, history and documentation supporting the \$11,342,683 in assets that are transferred from the Former San Dimas Redevelopment Agency to the Housing Authority of the City of San Dimas

SECTION 3. The Board hereby approves the transfer of \$11,342,683 in assets of the Former San Dimas Redevelopment Agency to the Housing Authority of the City of San Dimas.

I HEREBY CERTIFY that the foregoing Resolution was introduced and passed by the Oversight Board of the Successor Agency to the former San Dimas Redevelopment Agency, at its meeting of April 24, 2014 by the following vote:

AYES:

NOES:

ABSENT:

CHAIR, OVERSIGHT BOARD

ATTEST:

SECRETARY, OVERSIGHT BOARD



Oversight Board Staff Report

DATE: April 24, 2014

TO: Successor Agency Oversight Board

FROM: Ken Duran, Assistant City Manager

SUBJECT: Update on City Loans; Update on Long Range Property Management Plan; ROPS 14-15A

Update on City Loans

At your last meeting the Oversight Board approved the prior City loans with a new loan schedule. The Oversight Board Resolution approving that action was sent to the Department of Finance for their review. On April 7th we received the attached letter denying the loans as enforceable obligations. The inference in the letter is that "... signed and executed agreements supporting the loans were not provided to Finance." We did provide the loan documentation that was reviewed by the Oversight Board supporting the loans. Staff has made a request to DOF to clarify the reasons for their denial but as of the writing of this report we have not heard back from them. Once we get further information we will determine what future action the Agency and Oversight Board might take.

Update on Long Range Property Management Plan

Over the past several months staff has had several discussions with DOF staff on their review of the property management plan. DOF has suggested amendments to the plan. We have suggested some amendments and have asked DOF staff's review of the amendments prior to presenting it back to the Oversight Board. To date we have not received back comments on our suggested amendments.

ROPS 14-15A Approval

On March 24th we received the attached letter from DOF approving the ROPS 14-15A as submitted by the Oversight Board. If you will recall this included the first SERAF loan payment under the new repayment formula.



EDMUND G. BROWN JR. ■ GOVERNOR

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

April 7, 2014

Mr. Ken Duran, Assistant City Manager
City of San Dimas
245 Bonita Avenue
San Dimas, CA 91773

Dear Mr. Duran:

Subject: Objection of Oversight Board Action

The City of San Dimas Successor Agency (Agency) notified the California Department of Finance (Finance) of its Oversight Board (OB) Resolution No. 23 on February 13, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 23 making a finding that the three City loans between the former San Dimas Redevelopment Agency (RDA) and the City of San Dimas (City) were for a legitimate redevelopment purposes and consolidating all three loans into one new loan is not approved.

While the OB made the findings the loans were for legitimate redevelopment purposes, the signed and executed agreements supporting the loans were not provided to Finance. It is our understanding; all three loans were only authorized by the City Manager's Memorandum or Meeting Minutes. Therefore, the loans are not considered enforceable obligations at this time.

As authorized by HSC section 34179 (h), Finance is returning your OB actions to the board for reconsideration. This is our determination with respect to the OB action taken.

Please direct inquiries to Kylie Oltmann, Supervisor, or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Howard", is written over the name Justyn Howard.

JUSTYN HOWARD
Assistant Program Budget Manager

cc: on the following page



March 24, 2014

Mr. Ken Duran, Assistant City Manager
City of San Dimas
245 East Bonita Avenue
San Dimas, CA 91773

Dear Mr. Duran:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Dimas Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on February 21, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

Based on our review, we are approving all of the items listed on your ROPS 14-15A at this time.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,649,464 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	1,509,464
Total RPTTF requested for administrative obligations	140,000
Total RPTTF requested for obligations	\$ 1,649,464
Total RPTTF authorized for non-administrative obligations	1,509,464
Total RPTTF authorized for administrative obligations	140,000
Total RPTTF authorized for obligations	\$ 1,649,464
ROPS 13-14A prior period adjustment	0
Total RPTTF approved for distribution	\$ 1,649,464

Mr. Ken Duran
March 24, 2014
Page 2

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Kylie Oltmann, Supervisor or Hugo Lopez, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: on the following page

Ms. Barbara Bishop, Finance Manager, City of San Dimas
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County
California State Controller's Office