

**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting
Agenda for February 4, 2013**

**3:00 p.m., Monday, February 4, 2013,
City Hall, Council Chambers, 1 Sylvan Park, Sand City, CA 93955**

AGENDA ITEMS:

1. CALL TO ORDER

2. ROLL CALL & ESTABLISHMENT OF QUOROM

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Jerry Lomax, Monterey County Board of Supervisors (Public Member)
Stephen Ma, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Steve Matarazzo, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

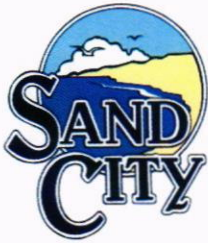
3. PLEDGE OF ALLEGIANCE

4. COMMUNICATIONS FROM THE FLOOR: At this time, any person may comment on any item which is not on the agenda. Please state your name and address for the record. Action will not be taken on an item that is not on the agenda. If it requires action, it will be referred to staff and/or placed on the next agenda. In order that all interested parties have an opportunity to speak, please limit comments to a maximum of three (3) minutes. Any member of the public may comment on any matter listed on this agenda at the time the matter is being considered by the Board.

5. BOARD MEMBER COMMENTS: Board Members may ask a question for clarification; make a brief report or announcement on his/her activities. Board members may provide a referral to Staff or other resources for factual information, or direct Staff to agendaize a matter of business on a future agenda. Any item not listed on the Agenda after the posting of the Agenda and that must be acted upon (2/3rds vote required to place on agenda) prior to the next Board meeting may be addressed at this time. (G.C. 54954.2)

6. ACTION/ DISCUSSION ITEMS

- A. Approval of Oversight Board RESOLUTION Approving the Oversight Board Minutes of December 17, 2012
- B. Approval of Oversight Board RESOLUTION Approving the Oversight Board Special Meeting Minutes of January 17, 2013
- C. Consideration of Oversight Board RESOLUTION Amending the By-Laws and Rules of Procedure of the Sand City Oversight Board



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda for February 4, 2013**

- D. Consideration of RESOLUTION to Oversight Board Correcting Resolution OB 12-23, 2012 Approving the Due Diligence Review (DDR) of Successor Agency Funds other than those related to the Low and Moderate Income Housing Fund (LMIHF) and Account Balances
 - E. Consideration of Contingent Liability Related to Potential Future Payments to Seaside as part of the Recognized Obligations Payment Schedule (ROPS) Process: Successor Agency Counsel and Oversight Board Counsel Opinions Requested: Verbal Report
7. CLOSED SESSION
- A. Oversight Board to adjourn to Closed Session in accordance with Government Code Section 54956.9(c) of the Ralph M. Brown Act
CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Deciding whether to Initiate Litigation: Two potential cases
 - B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act
8. REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS
9. ADJOURNMENT:

Next Scheduled Oversight Board Meeting:
Monday, February 25, 2013
3:00 P.M.
Sand City Council Chambers
1 Sylvan Park, Sand City

ALL MEETINGS ARE OPEN TO THE PUBLIC. The City of Sand City does not discriminate against persons with disabilities. City Hall and the Council Chambers are accessible facilities. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the City Clerk at (831) 394-3054 no fewer than two business days prior to the meeting to allow for reasonable arrangements.

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB ____, 2012

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
AGENCY APPROVING THE OVERSIGHT BOARD MINUTES OF
DECEMBER 17, 2012**

WHEREAS, the Oversight Board at its regular meeting of February 4, 2013 reviewed the Oversight Board draft minutes of December 17, 2012; and

WHEREAS, based on its review of said minutes, the Oversight Board finds the draft minutes to be an accurate summary of the major points and actions taken during the meeting of December 17, 2012.

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved minutes of December 17, 2012.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 4th day of February, 2013 by the following vote:

AYES:

NOES:

ABSENT:

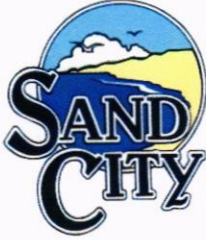
ABSTAIN:

APPROVED:

Stephen Ma, Board Chair

ATTEST:

Connie Horca, Board Secretary



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Minutes
December 17, 2012**

The meeting was called to order by Chair Ma at 4:00 P.M.

AGENDA ITEM 2, ROLL CALL & ESTABLISHMENT OF QUOROM

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors (excused absence)
Jerry Lomax, Monterey County Board of Supervisors (absent)
Stephen Ma, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Steve Matarazzo, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Scholink.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR

4:02 P.M. Floor opened for Public Comment.

There was no comment from the Public.

4:02 P.M. Floor closed to Public Comment.

Board Member Matarazzo requested that the agenda be corrected to reflect the next meeting of the Oversight Board on February 4, 2013, not 2012.

AGENDA ITEM 5, ACTION/ DISCUSSION ITEMS

- A. There was no discussion regarding the December 10, 2012 Oversight Board Minutes. Motion to approve the **Resolution** of the Oversight Board for the Sand City Successor Agency approving the Oversight Board Minutes of December 10, 2012 was made by Board Member Matarazzo, seconded by Board Member McPherson. AYES: Board Members McPherson, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Members Parker, Lomax. Motion carried.
- B. The floor was opened at 4:03 P.M. to receive Public Comment regarding the Due Diligence Review and consideration of Oversight Board Resolution approving the Due Diligence Review. Accountant Therese Courtney was

present to address any questions. There were no questions from the public or Board. The floor was closed to Public Comment at 4:03 P.M. Motion to approve the **Resolution** of the Oversight Board of the Sand City Successor Agency approving Due Diligence Review of Successor Agency Funds other than those related to the Low and Moderate Income Housing Fund (LMIHF) and Account Balances was made by Board Member McPherson, seconded by Board Member Addleman. AYES: Board Members McPherson, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Members Parker, Lomax. Motion carried.

- C. Board Member Ma commented that he requested the consideration of Oversight Board Members Term of Office be discussed. The Bylaws do not specify a time frame. Board Member McPherson suggested a one year term. The Board discussed that the one year term would begin and end in March of each year. Staff will provide language to be incorporated in the By-laws at the February 4, 2013 Board meeting.
- D. Board Member Matarazzo reported that Staff has not yet received any information from the Department of Finance, and there is nothing to report on the Department of Finance (DOF) ruling regarding former Redevelopment Agency funds owed to the City of Sand City regarding staff and facilities.
- E. Board Member Matarazzo reported that the City of Seaside has filed a complaint against the City of Sand City. The Sand City Successor Agency Counsel advises that the Oversight Board not get involved. A letter was received today addressed to the Oversight Board, from the City of Seaside that summarizes the complaint and summons. He believes that the Oversight Board has no issue in this matter, and notes that the information was received shortly before the Board meeting. In answer to Chair Ma's question regarding whether this agreement may have any direct or indirect effect on ROPS I - ROPS III that was approved, Board Member Matarazzo commented that the ROPS does include an amount showing a contingent liability should this lawsuit rule in favor of the City of Seaside. Chair Ma suggested that the Oversight Board Counsel review the letter. Board Member McPherson added that the the OB Counsel can provide clarification on why this was addressed to the Oversight Board, if the Oversight Board has no direct connection with this legal matter. The Board further discussed whether this item needs to be placed on a future agenda as a topic of discussion and possible action.

4:16 P.M. Floor opened for Public Comment.

On behalf of Board Member Parker, Public Member Kristi Markey commented that clarification is needed regarding this place holder on the ROPS, due to the previously adopted ROPS that specified a loan for staff time, and a loan or monies owed of past payment to the City of Seaside. There has never been a discussion of future payments to Seaside. Can the City provide clarification on the \$200,000 and whether that is for past payments, current or future payments or both? Ms. Markey asked for clarification regarding how the

former Redevelopment Agency would owe money to Seaside for those payments, since the money should have come out of sales tax revenues. The Staff report on the DOF item only mentioned appealing \$3.6 million in staff costs. Is the City appealing the DOF decision on the past payments and on sales tax as well?

Staff will request that Successor Agency Counsel address the issue regarding the sales tax and how it relates to future property tax increment.

4:20 P.M. Floor closed to Public Comment.

There was Board discussion regarding clarification of the \$200,000 contingent liability on the ROPS and if it has any direct connection to the Seaside claim. Board Member Matarazzo commented that Staff can answer a few of the issues; however, Successor Agency Counsel would be able to answer any questions regarding the Cooperative Agreement between the former Redevelopment Agency and the City of Sand City, and the Seaside Agreement. If Successor Agency Counsel is unavailable, then the Oversight Board may ask OB Counsel to provide clarification. There was unanimous consensus of the Board to move forward with the suggestion to consult legal counsel.

AGENDA ITEM 6, REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS

Board Member McPherson requested that items for discussion at the next Oversight Board meeting include the pending litigation between Seaside and Sand City, and how the Successor Agency, and the Oversight Board's obligations may be involved in the litigation, and a vote to consider whether OB Counsel should review it. Board Member McPherson suggested placing an organizational meeting to include the Board Member Terms of Office for the next agenda.

AGENDA ITEM 7, ADJOURNMENT

Motion to adjourn the Oversight Board meeting was made by Board Member Scholink, seconded by Chair Ma to the next regularly scheduled Oversight Board meeting on Monday, February 4, 2013 at 3:00 P.M. There was unanimous consensus of the Board to adjourn the meeting at 4:24 P.M.

Charles Pooler, Associate Planner
In behalf of Board Secretary

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB ____, 2013

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR AGENCY APPROVING THE OVERSIGHT BOARD SPECIAL MEETING MINUTES OF JANUARY 17, 2013

WHEREAS, the Oversight Board at its regular meeting of February 4, 2013 reviewed the Oversight Board draft special meeting minutes of January 17, 2013; and

WHEREAS, based on its review of said minutes, the Oversight Board finds the draft minutes to be an accurate summary of the major points and actions taken during the special meeting of January 17, 2013.

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved special meeting minutes of January 17, 2013.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 4th day of February, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Stephen Ma, Board Chair

ATTEST:

Connie Horca, Board Secretary



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board - Special Meeting Minutes
January 17, 2013**

The meeting was called to order by Chair Ma at 3:00 P.M.

AGENDA ITEM 2, ROLL CALL & ESTABLISHMENT OF QUOROM

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Jerry Lomax, Monterey County Board of Supervisors (**absent**)
Stephen Ma, Monterey Peninsula College
Linda Scholink, City of Sand City Successor Agency
Steve Matarazzo, City of Sand City Successor Agency
Jayanti Addleman, Monterey County Libraries

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Ma.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR

3:01 P.M. Floor opened for Public Comment.

There was no comment from the Public.

3:01 P.M. Floor closed to Public Comment.

Board Member Ma acknowledged the one item on the agenda. A letter from the attorney representing the City of Seaside was received within the last 24 hours and had questioned the closed session agenda item. After consulting Oversight Board Attorney, Judd Jordan on what would be the best course of action, he suggested that the current item on the agenda be abandoned, and the Board take action to adopt a new item.

Oversight Board Attorney Judd Jordan commented that the Board may add an item by a majority of the Board per Government Code section 54954 (b) which states: Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item that

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5, or

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

The Board determined that the course of action would be under section 2 above, and the language for the new agenda item will read: Government Code Section 54956.9 (c), CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION, Deciding whether to initiate litigation: two potential cases.

Motion to change the existing language on the agenda and to replace it with the above language was made by Board Member Parker, seconded by Board Member McPherson. AYES: Board Members McPherson, Parker, Ma, Scholink, Matarazzo, Addleman. NOES: None. ABSENT: Board Member Lomax. ABSTAIN: None. Motion carried.

The letter received from the City of Seaside's attorney was distributed to the Board.

AGENDA 5, CLOSED SESSION

3:08 P.M.

- A. Oversight Board to adjourn to Closed Session in accordance with Government Code Section 54956.9(c), of the Ralph M. Brown Act
CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Deciding whether to initiate litigation: two potential cases.

3:35 P.M. Board Members Scholink and Matarazzo were excused from a portion of the closed session.

4:03 P.M. Board Members Matarazzo and Schoink returned to the dais.

4:04 P.M.

- B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with 54957.1 of the Ralph M. Brown Act.


There was no action to report

AGENDA ITEM 6, ADJOURNMENT

Motion to adjourn the Special meeting of the Oversight Board was made by Board Member McPherson, seconded by Board Member Scholink to the next regularly scheduled Oversight Board meeting on February 4, 2013. There was unanimous consensus of the Board to adjourn the meeting at 4:05 p.m.

Connie Horca, Board Secretary

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD
staff memorandum

DATE: January 22, 2013 (for Oversight Board Meeting of February 4, 2013)
TO: Oversight Board to the Sand City Successor Agency
FROM: Steve Matarazzo, Staff 
SUBJECT: Consideration of Amendment to the Oversight Board Bylaws Establishing Terms of Office for the Chairperson and Vice-Chair

BACKGROUND

At a previous Oversight Board meeting, it was requested that the Bylaws (see attachment 1) be amended to include one year terms for the positions of Chair and Vice-Chair. It was generally agreed upon that the term should be for one year, commencing on March 1st of each year.

RECOMMENDATION:

It is therefore **RECOMMENDED** that the attached resolution (see attachment 2) be approved amending Article II, Section 1 of the Oversight Board bylaws to include one year terms for the officers of Chair and Vice Chair, commencing on March 1st of each year.

Attachments:

1. Existing Bylaws
2. Draft Resolution of Approval

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY
OF THE CITY OF SAND CITY**

BYLAWS

ARTICLE I - THE OVERSIGHT BOARD

Section 1. Name of Authority

The official name shall be the "Oversight Board to the Successor Agency of the former Redevelopment Agency of the City of Sand City" (herein referred to as "Oversight Board").

Section 2. Place of Meeting

The office and regular place of meeting of the Oversight Board shall be at Sand City Hall, #1 Sylvan Park, Sand City, California, 93955. The Oversight Board may hold its meetings at such other locations as the Oversight Board may from time to time designate by resolution, in the order of adjournment, or notice of call of any special meeting.

Section 3. Powers

As established by the California Health and Safety Code Sections 34179, 34180, and 34181, the Oversight Board shall be vested with all the rights, powers, duties, privileges and immunities.

ARTICLE II - OFFICERS

Section 1. Officers and Officials

The officers of the Oversight Board shall be composed of seven members. The members shall elect from their members the Chairperson, and one member as the Vice-Chairperson. All Oversight Board Members shall be selected pursuant to the guidelines set forth in the California Health and Safety Code 34179.

Section 2. Chairperson

The Chairperson or Vice Chairperson of the Oversight Board in the Chairperson's stead, shall preside at all meetings of the Oversight Board.

Section 3. Vice Chairperson

The Vice Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson.

Section 4. Secretary

The Secretary to the Successor Agency of the Redevelopment Agency of the City of Sand City shall be designated as the Secretary to the Oversight Board. The Secretary shall keep the records of the Oversight Board in a journal to be kept for such purpose and shall perform all duties incident to the office. The Secretary shall maintain a record of all official proceedings of the Oversight Board and its programs. In the absence of the Secretary, the Chairperson or the Executive Director to the Successor Agency shall appoint a person to act as Secretary.

Section 5. Vacancies

When a seat of the Oversight Board becomes vacant, the position will be filled by a member appointed by the agency who originally appointed the former member. Such appointments are to take place within 60 days of the creation of the vacancy. To the extent permitted by statute, the Governor may appoint individuals to fill a member position that remains vacant for more than 60 days.

Section 6. Compensation

Oversight Board members shall serve without compensation or reimbursement for expenses.

RULES OF PROCEDURE
OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY
OF THE CITY OF SAND CITY

ARTICLE I - MEETING

Section 1. Regular Meeting

Regular meetings of the Oversight Board shall be scheduled once a month on the first Monday at 3:00 p.m. The meetings will be held at Sand City Hall, #1 Sylvan Park, Sand City, California, 93955. In the event a day of meeting is a legal holiday, said meeting shall be held on the next business day unless otherwise determined by the Oversight Board. Meetings may be rescheduled by the Chairperson at his or her discretion due to time conflicts of members or for other reasonable circumstances.

Section 2. Special Meetings

The Chairperson of the Oversight Board may, when, he or she deems it necessary, or upon the request by a majority of the Oversight Board, call a special meeting of the Oversight board for the purpose of transacting the business designated in the call. The means and method for calling such special meeting shall be as set forth in the Ralph M. Brown Act, California Government code Section 54950 et seq., as it now exists or may hereafter be amended (the "Brown Act").

Section 3. Adjourned Meetings

The Board Members may adjourn any meeting to a time and place specified in the order of adjournment. When an order of adjournment of any meeting fails to state an hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings. In adjourning any meeting, there shall be compliance with all procedures of the Brown Act.

Section 4. Quorum

Four (4) Board Members of the Oversight Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. Every official act of the Oversight Board shall be adopted by a majority vote except in situations where the law calls for a vote of greater than a majority. A "majority vote" shall mean a majority of the Board members present.

Section 5. Order of Business

- (a) Agenda. The order of business of each meeting shall be as contained in the Agenda prepared by the Oversight Board Secretary. The Agenda shall be a listing by topic of the subjects which shall be taken up for consideration in the following order:
- (i) Call to Order
 - (ii) Roll Call
 - (iii) Pledge of Allegiance
 - (iv) Public Comment
 - (v) Board Member Comments
 - (vi) Action/Discussion Items
 - (vii) Requests from Board Members for Future Agenda Items
 - (viii) Adjournment

All resolutions shall be in writing and designated by number reference and an approved copy of each resolution filed in the official book of resolutions of the Oversight Board.

- (b) Preparation of Agenda. The Secretary to the Oversight Board shall be responsible for the preparation of the Agenda at the direction of the Chair and Vice Chair. The Oversight Board, by a majority vote, may direct a matter to be placed upon a future agenda.
- (c) Delivery of Agenda. The Agenda and related staff reports for regular meetings will ordinarily be delivered to the Board members via e-mail three days preceding the meeting to which it pertains. The Agenda and related staff reports for special meetings will ordinarily be delivered to the Board members via e-mail one day preceding the meeting to which it pertains. The Agenda and staff reports shall also be available to the general public at the time it is delivered to the Board Members.
- (d) Roll Call. Before proceeding with the business of the Oversight Board, the Oversight Board Secretary shall call the roll of the Board Members and the names of those present shall be entered in the minutes. The order of roll call shall be alphabetically with the Chairperson called last.
- (e) Approval of Minutes. From time to time, the Oversight Board shall approve minutes of the previous meeting or meetings.
- (f) Public Comment. Pursuant to Government Code 54954.3, each agenda for a regular meeting shall provide an item entitled "Public Comment." The purpose of such item shall be to provide an opportunity for members of the public to directly address the Oversight Board on items of interest to the public that are within the subject matter jurisdiction of the Oversight Board that are not on the current agenda. In order to assure that the intent of Government Code 54954.3 is carried out, three (3) minutes is the amount of time allocated for each individual speaker

at the Chair's discretion. The Public may speak to specific agenda items, when being discussed by the Oversight Board.

- (g) Consent Agenda. Items of a routine nature, may be placed on the consent agenda. All items may be approved by one blanket motion upon unanimous consent. During review of the consent agenda, any board member or any member of the public may request that any item be withdrawn from the consent agenda for separate consideration.
- (h) Call to Order. The meeting of the Oversight Board shall be called to order by the Chairperson or in his/her absence, by the Vice Chairperson. In the absence of both the Chairperson and the Vice Chairperson, the meeting shall be called to order by the Secretary to the Oversight Board and the Board shall select a Temporary Chairperson, who shall serve as the Presiding Officer for the meeting.
- (i) Participation of Presiding Officer. The Presiding Officer may move, second, and debate, subject only to such limitations of debate as are imposed on all board members, and he or she shall not be deprived of any of the rights and privileges of a board member by reason of his or her acting as Presiding Officer. However, the Presiding Officer is primarily responsible for the conduct of the meeting.
- (j) Maintenance of Order. The Presiding Officer is responsible for the maintenance of order and decorum. All questions and remarks should be addressed to the Presiding Officer.

Section 6. Rules, Decorum and Order

- (a) Points of Order. The Presiding Officer shall determine all Points of Order subject to the right of any member to appeal to the Oversight Board. If any appeal is taken, the question shall be, "Shall the decision of the Presiding Officer be sustained?" in which event a majority vote shall govern and conclusively determine such question of order.
- (b) Decorum and Order- Board Members
 - (i) Board members shall accord the utmost courtesy to each other, to City or Oversight Board employees, and to the public appearing before the Oversight Board.
 - (ii) Any board member may move to require the Presiding Officer to enforce the rules and the affirmative vote of a majority of the Oversight Board shall require him or her to so act.

- (iii) Except where specifically authorized by Oversight Board action, no Board Member shall make any statement or give the appearance or indicate in any way that he or she is representing the Oversight Board.
- (c) Decorum and Order - Employees. Members of the administrative staff of the Oversight Board shall observe the same rules of procedure and decorum applicable to board members.
- (d) Decorum and Order - Public. Members of the public attending Oversight Board meetings are encouraged to observe the same rules of order and decorum applicable to the Oversight Board. Any person making impertinent and slanderous remarks or who becomes boisterous which causes a disruption to the meeting of the Oversight Board may, after a warning, be removed from the room and such person may be barred from further audience before the Oversight Board.
- (e) Conflict of Interest. All board members are subject to the provisions of California Law with respect to conflicts of interest, such as Chapter 7, Title 9, of the California Government Code, relative to conflicts of interest and to conflicts of interest codes adopted by the City of Sand City.
- (f) Limitation of Debate. No board member normally should speak more than once upon any one subject until every other board member choosing to speak thereon has spoken.
- (g) Rulings of Presiding Officer Final Unless Overruled. In presiding over Oversight Board meetings, the Presiding Officer shall decide all questions of interpretation of these rules, Points of Order or other questions of procedure requiring rulings. Any such decision or ruling shall be final unless overridden or suspended by a majority vote of the board members present and voting.

Section 7. Addressing the Oversight Board

- (a) Manner of Addressing the Oversight Board. Any member of the public desiring to address the Oversight Board shall proceed to the podium and wait to be recognized by the Presiding Officer. After being recognized, although not required, he/she may state his/her name and address for the record. All remarks and questions shall be addressed to the Presiding Officer and not to any individual board member, staff member or other person. No person shall enter into any discussion without being recognized by the Presiding Officer.
- (b) Time Limitation. Time limitation applicable to public comment shall be three (3) minutes. This limitation shall not apply to any staff presentation.
- (c) Addressing the Oversight Board After Motion Is Made. After a motion has been made, no member of the public shall address the Oversight Board without first securing permission by a majority vote of the Oversight Board.

- (d) Persons Authorized to be Within Platform. No person except Oversight Board Officials shall be permitted behind the Oversight Board dais without permission or consent of the Presiding Officer.

Section 8. Motions

- (a) Processing of Motions. A motion, once stated, shall not be withdrawn by the mover without the consent of the person seconding it.
- (b) Motions Out of Order. The Presiding Officer may at any time, by majority consent of the board members, permit a board member to introduce a resolution or motion out of the regular agenda order.
- (c) Division of Question. If the question contains two or more divisional propositions, the Presiding Officer may, and upon request of a board member, divide the same.
- (d) Procedure of Motions. When a motion is before the Oversight Board, no motion shall be entertained except the following, which shall have precedence in the following order:

Adjourn

Fix hour of adjournment

Table Limit or terminate discussion

Amend

Postpone

Amendment/Substitute Motion

- (e) Motion to Adjourn. (not debatable) A motion to adjourn shall be in order at any time, except as follows:

When repeated without intervening business or discussion.

When made as an interruption of a board member while speaking.

When discussion has been ended and vote on a motion is pending,

While a vote is being taken.

- (f) Motion to Fix Hour of Adjournment. Such a motion shall be to set a definite time at which to adjourn and shall be debatable and shall be amendable by unanimous vote.

- (g) Motion to Table. A motion to table shall be used to temporarily by-pass the subject. A motion to table shall be undebatable and shall preclude all amendments or debate of the subject under consideration.
- (h) Motion to Limit or Terminate Discussion. Such a motion shall be used to limit or close debate on, or further amendment to, the main motion and shall be undebatable. If the motion fails, debate shall be reopened; if the motion passes, a vote shall be taken on the main motion.
- (i) Motion to Amend/Substitute. A motion to amend shall be discussed only as to the amendment. A motion to amend an amendment is possible but no additional motions to further amendments may be made. Any amendment shall relate to the original motion and not introduce a different matter. Amendments shall be voted first, then the main motion as amended. Alternatively, the original maker of the main motion may agree to revise the original motion and if the second agrees to second the revised motion, the Oversight Board may vote on the main motion as revised.

Section 9. Voting Procedure

- (a) Voting Procedure. In acting upon every motion, a voice vote shall be taken. The vote on each motion shall then be entered in full upon the record. If the vote is by roll call, the order of voting shall be alphabetical with the Chairperson voting last. The Secretary shall call the names of all members seated when a roll call vote is ordered or required. Members shall respond 'aye,' 'no' or 'abstain.' Any action or motion of the board shall require four (4) affirmative votes.
- (b) Failure to Vote. A board member who abstains due to reasons of conflict shall for purpose of the item under consideration, be considered as if absent. A board member abstaining for reasons other than conflict shall be counted as present for purposes of a quorum and such abstentions are counted with the majority. A board member who leaves the dais solely to avoid participating in a specific item shall, in absence of a conflict, be counted as if he/she were present but abstaining and such abstentions are also counted with the majority.
- (c) Reconsideration. Any board member who voted with the majority may move a reconsideration of any action at the same meeting and may request the item to be reconsidered at a future meeting. If the motion to reconsider passes, then the original item may be reconsidered at that time or be agendized for the next meeting which meets any applicable noticing requirements. After a motion for reconsideration has once been acted upon, no other motion for reconsideration thereof shall be made without unanimous consent of the Oversight Board.

Section 10. Resolutions

- (a) Definitions. The Actions of the Oversight Board will take one of three forms: resolution, minute order, and motion (thereafter recorded by minute entry).

Resolutions, in addition to being referenced in the minutes, will be recorded by a separate document, numbered in sequence and preserved in a separate set of books. Such resolutions are used for various reasons, such as when specifically required by law, when needed as a separate evidentiary document to be transmitted to another governmental agency, or where the frequency of future reference back to its contents warrants a separate document (with the additional whereas explanatory material it often recites) to facilitate such future reference and research. A minute order as used locally denotes an Oversight Board action which is recorded simply by an item entry in the minutes of the meeting at which it was accomplished, and no separate document is made to memorialize it. However, sequential numbering shall be assigned to each motion to facilitate indexing.

- (b) Resolutions Prepared In Advance. Where a resolution has been prepared in advance, the procedure shall be: motion, second, discussion, vote pursuant to methods prescribed above, and result declared. It shall not be necessary to read a resolution in full or by title except to identify it. Any member may require that the resolution be read in full.
- (c) Resolutions Not Prepared In Advance. Where a resolution has not been prepared in advance, the procedure shall be to instruct the Executive Director of the Successor Agency to prepare a resolution for presentation at the next Oversight Board meeting.
- (d) Urgency Resolutions. On matters of urgency, a resolution may be presented verbally in motion form together with instructions for written preparation for later execution. After the resolution has been verbally stated, the voting procedure described above shall be followed.

ARTICLE II- MISCELLANEOUS

Section 1. Amendments to Bylaws and Rules of Procedure

The Bylaws and Rules of Procedure of the Oversight Board may be amended by the Oversight Board at any regular or special meeting by a vote of the majority of the Oversight Board members, provided that no such amendment shall be adopted unless at least three days written notice thereof has been previously given to all board members of the Oversight Board. Such notice shall identify the section or sections of the Bylaws and Rules of Procedure proposed to be amended.

Section 2. Rules Directory

To the extent not required by State laws, these rules of procedure shall be considered directory only; and compliance herewith shall not be considered mandatory or jurisdictional.

SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB _____, 2013

**RESOLUTION OF THE OVERSIGHT BOARD OF THE SAND CITY SUCCESSOR AGENCY
AMENDING ARTICLE II, SECTION 1 OF THE OVERSIGHT BOARD BYLAWS TO
ESTABLISH TERMS FOR THE OFFICE OF CHAIR AND VICE-CHAIR**

WHEREAS, Article II, Section 1 of the Oversight Board bylaws establishes the positions of Chairperson and Vice Chair; and

WHEREAS, the Oversight Board bylaws fail to establish terms of office for the positions of Chair and Vice-Chair; and

WHEREAS, the positions of Chair and Vice Chair of the Oversight Board to the Successor Agency may require extra effort in addition to the standard duties of all other members of the Oversight Board; and

WHEREAS, it is recognized that extra work on the part of the Chair and Vice Chair should be of limited duration, keeping in mind the voluntary nature of the positions and the full-time responsibilities of all members of the Oversight Board.

NOW, THEREFORE, BE IT RESOLVED that Article II, Section 1 of the Oversight Board bylaws is hereby amended to read as follows:

“The officers of the Oversight Board shall be composed of seven members. The members shall elect from their members the Chairperson, and one member as the Vice-Chairperson. *The Chairperson and Vice-Chairperson shall be elected for one-year terms, starting in March of each calender year and until the Oversight Board is consolidated into one, County-wide board.* All Oversight Board members shall be selected pursuant to the guidelines set forth in the California Health and Safety Code Section 34179.” (Italicized wording indicates new language.)

PASSED AND ADOPTED by the Oversight Board to the Sand City Successor agency on this 4th day of February, 2013 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Stephen Ma, Chair

ATTEST:

Connie Horca, Board Secretary

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD
staff memorandum

DATE: January 23, 2013 (for Oversight Board Meeting of February 4, 2013)
TO: Oversight Board to the Sand City Successor Agency
FROM: Steve Matarazzo, Staff
SUBJECT: Consideration of Correction to Resolution Approving the Due Diligence Review (DDR) of Successor Agency Funds Other Than Those Related to Housing

The subject DDR was approved by the Oversight Board on December 17, 2012 following a required public comment session held on December 10, 2012. The resolution of approval of the DDR notes that there were no public comments received at the December 10, 2012 public comment session. However, about one-half hour prior to the December 17, 2012 meeting, the City of Seaside did submit comments to the Oversight Board. The City of Seaside requests that the resolution of approval reflect that comments were received on December 17, 2012.

It is therefore **RECOMMENDED** that the resolution of approval be amended to reflect that comments were received on December 17, 2012, (See attached, revised resolution.)

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB 12-23, 2012

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
APPROVING DUE DILIGENCE REVIEW (DDR) OF SUCCESSOR AGENCY FUNDS
OTHER THAN THOSE RELATED TO THE LOW AND MODERATE INCOME
HOUSING FUND (LMIHF) AND ACCOUNT BALANCES**

WHEREAS, in accordance with Sections 34179.5 et seq. of the California Health and Safety Code (H&S Code), a due diligence review (DDR) has been prepared to determine other fund and account balances of the former Sand City Redevelopment Agency available for allocation to taxing entities; and

WHEREAS, a public comment session, as required by Section 34179.6(b) of the H&S Code was held on December 10, 2012 to accept public comment on said due diligence review, and to deliberate on any comments received, prior to approval by the Oversight Board, and no comments were received.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby approves the subject due diligence review (DDR), attached hereto as Exhibit A and incorporated herein by this reference.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 17th day of December, 2012 by the following vote:

AYES: Board Members McPherson, Ma, Scholink, Matarazzo, Addleman
NOES: None
ABSTAIN: None
ABSENT: Board Members Lomax, Parker

APPROVED:



Stephen Ma, Board Chair

ATTEST:



Connie Horca, Board Secretary



ADMINISTRATIVE SERVICES DEPARTMENT

440 Harcourt Avenue
Seaside, CA 93955

Telephone (831) 899-6718
FAX (831) 394-8646

RECEIVED

JAN 07 2013

CITY OF SAND CITY

January 4, 2013

Sand City Successor Agency Oversight Board
Clerk, Sand City Successor Agency Oversight Board
City Hall
1 Sylvan Park
Sand City, California 93955

Re: Oversight Board Resolution OB 12-23, 2012

To The Members of the Board and the Clerk, Sand City Successor Agency Oversight Board:

On behalf of the City of Seaside, I respectfully request that the Oversight Board consider a correction to its Oversight Board Resolution OB 12-23, 2012 so that the Resolution acknowledges that public comment was received on the Successor Agency's Due Diligence Review.

The Resolution references that on December 10, 2012, the Oversight Board received the Successor Agency's Due Diligence Review of Non-Housing Funds and opened the public comment session on that Review. Before the Oversight Board's December 17 meeting, and therefore during the public comment period, I submitted, on behalf of the City of Seaside, a letter to the Oversight Board. The letter states that it is being submitted in connection with Items 5B and 5E of the Agenda for the December 17 meeting. The Oversight Board's proposed approval vote on the Due Diligence Review was on the agenda as item 5B.

However, Oversight Board Resolution OB 12-23, 2012 recites that no public comment was received on the due diligence review. The recital therefore does not acknowledge the letter and attachments from Seaside, which were submitted as public comment on the due diligence review.

The City of Seaside therefore respectfully requests that the foregoing resolution be corrected to acknowledge that public comment was received on the non-housing funds review.

Sincerely yours,

A handwritten signature in cursive script that reads "Daphne H. Hodgson".

Daphne H. Hodgson
Deputy City Manager – Administrative Services
City of Seaside

CC: City of Seaside Mayor and City Council
John Dunn, City Manager
Don Freeman, City Attorney
State Department of Finance

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB _____, 2013

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR AGENCY CORRECTING RESOLUTION OB 12-23 TO REFLECT THAT COMMENTS ON THE SUBJECT DUE DILIGENCE REVIEW (DDR) WERE RECEIVED BY THE CITY OF SEASIDE ON DECEMBER 17, 2012

WHEREAS, in accordance with Sections 34179.5 et seq of the California Health and Safety Code (H&S Code), a due diligence review (DDR) has been prepared to determine other fund and account balances of the former Sand City Redevelopment Agency available for allocation to taxing entities; and said DDR was approved by the Oversight Board on December 17, 2012: and

WHEREAS, the second recital of Resolution OB 12-23 approving the DDR is hereby amended to read: “ a public comment session, as required by Section 34179.6(b) of the H&S Code was held on December 10, 2012 to accept public comment on said due diligence review and no comments were received; and on December 17, 2012 the Oversight Board deliberated on said due diligence review and comments were received at that time from the City of Seaside as shown on Exhibit A, attached hereto and incorporated herein by this reference”; and

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board hereby approves this change to resolution OB 12-23 to more accurately reflect public comment on the subject due diligence review (DDR), attached hereto as Exhibit B and incorporated herein by this reference.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 4th day of February, 2013 by the following vote.

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVED:

Stephen Ma, Board Chair

ATTEST:

Connie Horca, Board Secretary



ADMINISTRATIVE SERVICES DEPARTMENT

440 Harcourt Avenue
Seaside, CA 93955

Telephone (831) 899-6718
FAX (831) 394-8646

RECEIVED

DEC 17 2012

CITY OF SAND CITY

December 17, 2012

Sand City Successor Agency Oversight Board
City Hall
1 Sylvan Park
Sand City, CA 93955

Re: Oversight Board Meeting December 17, 2012; Agenda Items 5B and 5E

To the Members of the Oversight Board of the Sand City Successor Agency:

In connection with Agenda Items 5B and 5E of the agenda for its meeting December 17, 2012, the City of Seaside respectfully requests that the Sand City Successor Agency Oversight Board take into consideration the following significant facts: (1) the 1989 Agreement referenced in connection with Agenda Item 5E is an agreement between the City of Seaside, the former Sand City Redevelopment Agency, and the City of Sand City; and (2) the required source of funds for the intermittent payments to Seaside under the 1989 Agreement are sales and use tax revenues, not former tax increment revenues.

In addition, the City of Seaside respectfully requests that the Oversight Board consider the matters set forth below in connection with Agenda items 5B and 5E, and that this cover letter and the attachments to it are made a part of the record before the Oversight Board with respect to these agenda items.

1. The allegations of the City of Seaside's breach of contract complaint against the City of Sand City and the Successor Agency in connection with the 1989 Agreement between these public entities, entitled: Agreement Regarding Future Impacts on the Provision of Public Services, a copy of which is attached to this memorandum ("Complaint"), and is incorporated in this letter by this reference;
2. Exhibit "A" to the Complaint, which is a copy of the 1989 Agreement, to which the City of Seaside, the City of Sand City and the former Agency were all parties;
3. Exhibit "B" to the Complaint, which is a copy of the former Sand City Redevelopment Agency's resolution repealing its sales and use tax ordinance, which repeal is breach of the 1989 Agreement by both the former Agency and the City of Sand City under Section 2.05 of the 1989 Agreement;
4. The fact that the 1989 Agreement explicitly states that Sand City and its former Agency "have found that future development within the Project Area of the Redevelopment Plan will have impacts on streets located within Seaside" and that the parties desired to enter into an agreement "for the mitigation of [sic] all such impacts and to provide a funding mechanism for the mitigation of such impacts."

5. The fact that the source of funds for the payments to Seaside under the 1989 Agreement were not property tax revenues to which affected taxing entities would be entitled in the absence of tax increment financing but were instead sales and use taxes collected by the former Agency;
6. The fact that the former Agency adopted its ordinance imposing a sales and use tax in conformity with Cal. Rev. & Tax. Code §§ 7205.5 and 7205.6, authorizing such a tax if a redevelopment agency operates in a city that will give credit against its own sales and use tax for taxes paid to the redevelopment agency;
7. The fact that the foregoing companion statutes are considered by the California Supreme Court to be a “transfer of financial responsibility” from the City to the former Agency [*see Huntington Park Redevelopment Agency v. Martin* (1985) 38 Cal.3d 100];
8. The fact that upon repeal by the former Agency of its sales and use tax ordinance and the repeal of the City’s companion sales tax credit ordinance, Sand City became the recipient of all sales and use taxes collected in Sand City, including those portions of the sales and use taxes that the City and former Agency contracted to pay to Seaside under the 1989 Agreement to mitigate traffic impacts in Seaside;
9. The fact that two of the payments to Seaside listed on the Sand City Successor Agency Due Diligence Review, attached as Exhibit “A” to the proposed Resolution (agenda Item 5B) are for payments that were due and payable in 2010, under the terms of the 1989 Agreement, and therefore were a debt of the former Agency before the enactment of Assembly Bill X1 26 (see first and third entries on p. 18 of Ex. “A”, Procedure 3);
10. The fact that the remaining two payments to Seaside listed on p. 18 of Ex. “A” were due and payable to Seaside before the dissolution of the former Agency, and had the former Agency failed to make those payments, both the former Agency and Sand City would be liable for that breach.

Respectfully submitted,



Daphne H. Hodgson
Deputy City Manager – Administrative Services

Cc: City of Seaside Mayor and Council Members
John Dunn, City Manager
Don Freeman, City Attorney
Michael Miller, Monterey County Auditor-Controller
State Department of Finance
State Controller’s Office
Sayre Weaver, Richards Watson & Gershon

**Sand City Successor Agency
Due Diligence Review**

Citation:

34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

Suggested Procedure(s):

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

Obtained listing and agreed the amounts to the amounts posted in the Successor Agency General Ledger detail. The total amount of assets transferred was \$5,973,397.71.

Citation:

34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal

requirements. Provide this listing as an attachment to the AUP report.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

- A. See attached Procedure 2.
- B. There were no transfers during this period.
- C. Obtained the legal documents as stated in the attached Procedure 2.

Citation:

34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

Suggested Procedure(s):

- 3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

- A. See attached Procedure 3.
- B. See attached Procedure 3.
- C. Obtained the legal documents as stated in the attached Procedure 3.

Citation:

34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

Suggested Procedure(s):

4. Perform the following procedures:
 - A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
 - B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
 - C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
 - D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Result:

Obtained summary of financial transactions (see attached Procedure 4.) and verified that the total of revenues, expenditures and transfers accounts fully for the change in equity from the previous fiscal period and that the June 30, 2010 amounts in the schedule agreed to the State Controller's report filed for that period. The amounts in the schedule for the other fiscal periods were compared to the general ledger and available audited financial statements.

Citation:

34179.5(c)(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

Suggested Procedure(s):

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 15, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an

exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Result:

Obtained listing of assets of all other funds as of June 30, 2012 and agreed to the balances recorded in the General Ledger. The listing is attached as Procedure 5.

Citation:

34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

Suggested Procedure(s):

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
 - A. Unspent bond proceeds:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g. total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
 - B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

Result:

- A.
 - i. See Procedure 6.A. attached.
 - ii. Traced balances to the US Bank account statements without exception.
 - iii. Obtained bond documents that specify the restriction.
- B. No grant proceeds or program income restricted.
- C. No other assets considered to be legally restricted.
- D. See Procedure 6.A. attached. The restriction is in effect until the related assets are expended for their intended purpose.

Citation:

34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

Suggested Procedure(s):

7. Perform the following procedures:
 - A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution (such as capital assets, land held

for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.
- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

See listing attached as Procedure 7. The assets are listed at purchase cost, the amounts were traced to previously audited financial statements without exception.

Citation:

34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

Suggested Procedure(s):

- 8. Perform the following procedures:
 - A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances

toward payment of that obligation.

- i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.
- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related

bond debt service schedules in the bond agreement.

- ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Results:

- A.
 - i. Compared all information on the schedule to the legal documents that form the basis for the dedication or restriction without exception.
 - ii. Compared all current balances (6/30/2012) to the amounts reported in the accounting records of the Successor Agency without exception.
 - iii. Compared the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance without exception.
 - iv. See attached Procedure 8. A.
- B. See Procedure 8. B. & C. attached.
 - i. Compared enforceable obligations to those approved by the California Department of Finance without exception, except for the City loans, which are pending a decision by the DOF by December 15, 2012.
 - ii. Compared the forecasted annual spending requirements to the legal document supporting each enforceable obligation. Assumptions used are as follows:
 - Bond payments – based on Debt Service Schedule.
 - Administrative/Oversight Board fees – based on amount allowed per AB IX26
 - Contingency – based on prior amounts paid to the City of Seaside in prior years.
 - City loans – based on various agreements between the City and the former Redevelopment Agency and what would be affordable based on past tax increment received.

SERAF loan – Payment due back by June 30, 2015 per ABx4 26.

- iii. The assumptions for the forecasted annual revenues are based on what has been received so far from the Redevelopment Property Tax Trust Fund.
- C. See Procedure 8. B. & C. attached.
- i. Compared timing and amounts of bond debt service payments to the related bond debt service schedule without exception.
 - ii. The assumptions for the forecasted property tax revenues are based on what has been received so far from the Redevelopment Property Tax Trust Fund.
 - iii. There are no other general purpose revenues. The Successor Agency's only source of revenue is from the Redevelopment Property Tax Trust Fund.
- D. See Procedure 8. D. attached.

Citation:

34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

Suggested Procedure(s):

- 9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Results: See Procedure 9. attached.

Citation:

34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the

amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

Suggested Procedure(s):

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result: See Procedure 10 attached.

Suggested Procedure(s):

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result: Representation letter was obtained.

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 2.**

Transfers to City for the period of January 1, 2011 through January 31, 2012

<u>Date</u>	<u>Amount</u>	<u>Purpose</u>
2/8/2011	\$ 500,000.00	Payment on loan from the City
3/9/2011	\$ 300,000.00	Payment on loan from the City

Payments were made in accordance with the following:

Cooperative Agreement dated January 20, 1987

Reimbursement agreements dated July 18, 1989 and June 26, 1996.

Resolution 10-07, 2010 Adopting the Budget for fiscal year 2010-2011, which provides for loan payments to the City

Resolution 11-19, 2011, City resolution requesting immediate payment of unnumbered funds from the Redevelopment Agency for partial repayment of debt.

Resolution 11-02, 2011 Agreeing to make partial repayment of debt in the amount of \$800,000

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 3.**

RDA & SUCCESSOR PAYMENTS
JANUARY 1, 2011 THROUGH JUNE 30, 2012

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>	
1/26/2011	City of Seaside	86,989.22	Seaside Agreement - 3rd Q 2010	1
4/21/2011	U.S. Bank Trust, N.A.	197,032.13	2008A & 2008B Bond Payments - May 2011	2
6/27/2011	City of Seaside	104,998.26	Seaside Agreement - 4th Q 2010	1
6/30/2011	City of Seaside	83,843.93	Seaside Agreement - 1st Q 2011	1
10/21/2011	U.S. Bank Trust, N.A.	532,608.63	2008A & 2008B Bond Payments - Nov 2011	2
11/20/2011	City of Seaside	88,691.74	Seaside Agreement - 2nd Q 2011	1
4/20/2012	U.S. Bank Trust, N.A.	189,987.40	2008A & 2008B Bond Payments - May 2012	2
Total		1,284,151.31		

Payments were made in accordance with the following:

- 1 1989 Agreement Regarding Future Impacts on The Provision of Public Services
- 2 Bond Debt Service Schedule

Sand City Successor Agency
 Due Diligence Review
 Reconciliation Schedule
 Procedure 4.

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and cash equivalents	\$ 3,014,946	\$ 836,565	\$ 1,520,894	\$ 3,892,662
Investments	1,598,914	1,604,657	1,053,908	1,054,339
Receivables, net	744	653	-	-
Due from other funds	152,383	248,510	-	-
Loan to other funds	568,092	685,052	685,052	685,052
Due from the City	441,812	2,261,261	2,261,261	-
Receivables from other governments	12,039	9,414	-	-
Restricted Investments	819,050	818,990	818,981	818,924
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total Assets	\$ 6,607,980	\$ 6,465,102	\$ 6,340,096	\$ 6,450,977
Liabilities (modified accrual basis)				
Due to other funds	\$ 152,383	\$ 248,510	\$ -	\$ -
Deferred revenue	12,039	9,414	-	-
Loan from other funds	568,092	685,052	685,052	685,052
Refundable fees	1,455,000	1,455,000	1,455,000	1,455,000
	-	-	-	-
	-	-	-	-
Total Liabilities	\$ 2,187,514	\$ 2,397,976	\$ 2,140,052	\$ 2,140,052
Equity	4,420,466	4,067,126	4,200,044	4,310,925
Total Liabilities + Equity	\$ 6,607,980	\$ 6,465,102	\$ 6,340,096	\$ 6,450,977
Total Revenues:	\$ 1,917,703	\$ 1,830,734	\$ 938,865	\$ 310,576
Total Expenditures:	\$ 3,663,381	\$ 2,976,988	\$ 894,639	\$ 199,695
Total Transfers:	\$ (92,650)	\$ 792,914	\$ 88,692	\$ -
Net change in equity	\$ (1,838,328)	\$ (353,340)	\$ 132,918	\$ 110,881
Beginning Equity:	\$ 6,258,794	\$ 4,420,466	\$ 4,067,126	\$ 4,200,044
Ending Equity:	\$ 4,420,466	\$ 4,067,126	\$ 4,200,044	\$ 4,310,925
Other Information (show year end balances for all three years presented):				
Capital assets as of end of year	\$ 3,055,489	\$ 2,588,752		\$ 2,573,093
Long-term debt as of end of year	\$ 22,964,780	\$ 23,139,895		\$ 22,824,339

**SAND CITY SUCCESSOR AGENCY
 JUNE 30, 2012 BALANCES
 OTHER FUNDS (Excludes Low and Moderate Income housing)
 PROCEDURE 5.**

	<u>ASSET</u>	<u>AMOUNT</u>
CASH:		
Checking account		588,355.83
Tax Increment Account		812,160.00
Sales and Use Tax Account		227,941.93
		<u>1,628,457.76</u>
INVESTMENTS:		
2008 Tax Exempt CD #6998114883		524,595.06
2008 Tax Exempt CD #535671579		529,743.99
2008A Reserve Account		694,723.66
2008A Debt Service Fund		0.90
2008B Reserve Account		124,199.49
2008B Cost of Issuance		0.02
2008B Debt Service Fund		0.35
		<u>1,873,263.47</u>
LAND:		
APN 011-194-001 (Dias/Hickory)		75,467.59
McDonald Coastal Property		1,100,000.00
APN 011-122-005 (South of Tioga)		27,500.00
Ortiz and Redwood Ave		1,322,742.17
		<u>2,525,709.76</u>
SCULPTURE:		
Cost		40,218.25
Accumulated Depreciation		(20,108.55)
		<u>20,109.70</u>
CITY ENTRANCE SIGN LIGHTS & LANDSCAPING:		
Cost		150,356.11
Accumulated Depreciation		(135,320.49)
		<u>15,035.62</u>
IRRIGATION WELL-ROBINETTE PROPERTY:		
Cost		32,274.88
Accumulated Depreciation		(20,037.31)
		<u>12,237.57</u>
TOTAL		<u><u>6,074,813.88</u></u>

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 6.A.**

**SUCCESSOR AGENCY RESTRICTED FUNDS
AS OF JUNE 30, 2012**

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>RESTRICTED PURPOSE</u>
2008A Reserve Account	694,724.56	Final bond payment
2008B Reserve Account	124,199.86	Final bond payment
Total	<u>818,924.42</u>	

**SAND CITY SUCCESSOR AGENCY
NON LIQUID ASSETS
PROCEDURE 7.**

	<u>ASSET</u>	<u>AMOUNT</u>
LAND:		
	APN 011-194-001 (Dias/Hickory)	75,467.59
	McDonald Coastal Property	1,100,000.00
	APN 011-122-005 (South of Tioga)	27,500.00
	Ortiz and Redwood Ave	1,322,742.17
		<u>2,525,709.76</u>
SCULPTURE:		
	Cost	40,218.25
	Accumulated Depreciation	(20,108.55)
		<u>20,109.70</u>
CITY ENTRANCE SIGN LIGHTS & LANDSCAPING:		
	Cost	150,356.11
	Accumulated Depreciation	(135,320.49)
		<u>15,035.62</u>
IRRIGATION WELL-ROBINETTE PROPERTY:		
	Cost	32,274.88
	Accumulated Depreciation	(20,037.31)
		<u>12,237.57</u>
	TOTAL	<u><u>2,573,092.65</u></u>

All stated at cost.

SAND CITY SUCCESSOR AGENCY
 ASSETS BALANCES DEDICATED/RESTRICTED FOR FUNDING ENFORCEABLE OBLIGATIONS
 PROCEDURE 8. A.

<u>Date</u>	<u>Description</u>	<u>Balance</u>	<u>Nature of Restriction</u>	<u>Enforceable Obligation</u>	<u>Legal Document</u>
6/30/2012	Tax Increment Account	812,160.00	Restricted for enforceable obligations	Bonds, Administrative fees, Oversight Board Fees, Contingency*	Bond Debt Service Schedule, AB IX26 allows for administrative fees; Contingency - Agreement with the City of Seaside requires payment of certain revenues generated within the redevelopment area
6/30/2012	2008A Reserve Account	694,724.56	Restricted for Reserve account	Bonds	Indenture of Trust, Section 403(d) requires reserve balances through the life of the bonds
6/30/2012	2008B Reserve Account	124,199.86	Restricted for Reserve account	Bonds	Indenture of Trust, Section 403(d) requires reserve balances through the life of the bonds
	Total	<u>1,631,084.42</u>			

* Seaside Agreement - Sand City claims the agreement is no longer effective. Seaside claims the agreement is still effective. If agreement is determined to be effective, it would qualify as an enforceable obligation.

SAND CITY SUCCESSOR AGENCY
 PROCEDURE 8. B. & C.

SUCCESSOR AGENCY PROJECTED EXPENSE/REVENUES

<u>Date</u>	<u>Description</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Balance</u>
Fiscal Year 2012-2013				
6/30/2012	Tax Increment Account			812,160.00
7/1/2012	City Loan to RDA (Seaside & Operating)		216,250.00	
10/20/2012	November 2012 Bond Payments		540,181.25	
12/1/2012	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,022,731			
	<i>Covers 11/13 bond payments - ROPS 3</i>			
1/1/2013	Administrative Fees		125,000.00	
1/1/2013	Oversight Board Fees		10,000.00	
1/1/2013	Contingency **		200,000.00	
1/1/2013	City Loan to RDA (Operating Only)		88,000.00	
4/20/2013	May 2013 Bond Payments		182,731.25	
6/1/2013	Tax Increment Amount Projected	400,000.00		
	Requesting \$635,463			
	<i>Covers 5/14 bond payments - ROPS 4</i>			
	Total Fiscal Year 2012-2013			349,997.50
Fiscal Year 2013-2014				
7/1/2013	Administrative Fees		125,000.00	
7/1/2013	Oversight Board Fees		10,000.00	
7/1/2013	Contingency **		200,000.00	
7/1/2013	City Loan to RDA		125,000.00	
10/20/2013	November 2013 Bond Payments		522,731.25	
12/1/2013	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,020,463			
	<i>Covers 11/14 bond payments - ROPS 5</i>			
1/1/2014	Administrative Fees		125,000.00	
1/1/2014	Oversight Board Fees		10,000.00	
1/1/2014	Contingency **		200,000.00	
1/1/2014	City Loan to RDA		125,000.00	
4/20/2014	May 2014 Bond Payments		175,462.50	
6/1/2014	Tax Increment Amount Projected	400,000.00		
	Requesting \$626,150			
	<i>Covers 5/15 bond payments - ROPS 6</i>			
	Total Fiscal Year 2013-2014			(368,196.25)
Fiscal Year 2014-2015				
7/1/2014	Administrative Fees		125,000.00	
7/1/2014	Oversight Board Fees		10,000.00	
7/1/2014	Contingency **		200,000.00	
7/1/2014	City Loan to RDA		125,000.00	
10/20/2014	November 2014 Bond Payments		560,462.50	
12/1/2014	Tax Increment Amount Projected	500,000.00		
	Requesting \$1,026,150			
	<i>Covers 11/15 bond payments - ROPS 7</i>			
1/1/2015	Administrative Fees		125,000.00	
1/1/2015	Oversight Board Fees		10,000.00	
1/1/2015	Contingency **		200,000.00	
1/1/2015	City Loan to RDA		125,000.00	
4/20/2015	May 2015 Bond Payments		166,150.00	
6/1/2015	Repay SERAF Loan		568,092.00	
6/1/2015	Tax Increment Amount Projected	400,000.00		
	Requesting \$616,475			
	<i>Covers 5/16 bond payments - ROPS 8</i>			
	Total Fiscal Year 2014-2015			(1,682,900.75)
Fiscal Year 2015-2016				
7/1/2015	Administrative Fees		125,000.00	
7/1/2015	Oversight Board Fees		10,000.00	

7/1/2015	Contingency **		200,000.00
7/1/2015	City Loan to RDA		125,000.00
10/20/2015	November 2015 Bond Payments		566,150.00
12/1/2015	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,036,175		
	<i>Covers 11/16 bond payments - ROPS 9</i>		
1/1/2016	Administrative Fees		125,000.00
1/1/2016	Oversight Board Fees		10,000.00
1/1/2016	Contingency **		200,000.00
1/1/2016	City Loan to RDA		125,000.00
4/20/2016	May 2016 Bond Payments		156,475.00
6/1/2016	Repay Seraf Loan		116,960.00
6/1/2016	Tax Increment Amount Projected	400,000.00	
	Requesting \$606,300		
	<i>Covers 5/17 bond payments - ROPS 10</i>		
	Total Fiscal Year 2015-2016		(2,542,485.75)

Fiscal Year 2016-2017

7/1/2016	Administrative Fees		125,000.00
7/1/2016	Oversight Board Fees		10,000.00
7/1/2016	Contingency **		200,000.00
7/1/2016	City Loan to RDA		125,000.00
10/20/2016	November 2016 Bond Payments		576,475.00
12/1/2016	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,041,300		
	<i>Covers 11/17 bond payments - ROPS 11</i>		
1/1/2017	Administrative Fees		125,000.00
1/1/2017	Oversight Board Fees		10,000.00
1/1/2017	Contingency **		200,000.00
1/1/2017	City Loan to RDA		125,000.00
4/20/2017	May 2017 Bond Payments		146,300.00
6/1/2017	Tax Increment Amount Projected	400,000.00	
	Requesting \$595,762.50		
	<i>Covers 5/18 bond payments - ROPS 12</i>		
	Total Fiscal Year 2016-2017		(3,285,260.75)

Fiscal Year 2017-2018

7/1/2017	Administrative Fees		125,000.00
7/1/2017	Oversight Board Fees		10,000.00
7/1/2017	Contingency **		200,000.00
7/1/2017	City Loan to RDA		125,000.00
10/20/2017	November 2017 Bond Payments		581,300.00
12/1/2017	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,055,762.50		
	<i>Covers 11/18 bond payments - ROPS 13</i>		
1/1/2018	Administrative Fees		125,000.00
1/1/2018	Oversight Board Fees		10,000.00
1/1/2018	Contingency **		200,000.00
1/1/2018	City Loan to RDA		125,000.00
4/20/2018	May 2018 Bond Payments		135,762.50
6/1/2018	Tax Increment Amount Projected	400,000.00	
	Requesting \$584,612.50		
	<i>Covers 5/19 bond payments - ROPS 14</i>		
	Total Fiscal Year 2017-2018		(4,022,323.25)

Fiscal Year 2018-2019

7/1/2018	Administrative Fees		125,000.00
7/1/2018	Oversight Board Fees		10,000.00
7/1/2018	Contingency **		200,000.00
7/1/2018	City Loan to RDA		125,000.00
10/20/2018	November 2018 Bond Payments		595,762.50
12/1/2018	Tax Increment Amount Projected	500,000.00	
	Requesting \$1,069,612.50		
	<i>Covers 11/19 bond payments - ROPS 15</i>		
1/1/2019	Administrative Fees		125,000.00

1/1/2019	Oversight Board Fees		10,000.00	
1/1/2019	Contingency **		200,000.00	
1/1/2019	City Loan to RDA		125,000.00	
4/20/2019	May 2019 Bond Payments		124,612.50	
6/1/2019	Tax Increment Amount Projected	400,000.00		
	Requesting \$573,425			
	<i>Covers 5/20 bond payments - ROPS 16</i>			
	Total Fiscal Year 2017-2018	6,300,000.00	11,874,858.25	(4,762,698.25)

The above does not include the following:

COP Reimbursement	1,454,766.00
King DDA	1,455,000.00
Bond Payments from 11/2019 to 11/2023	6,829,822.50

"Requesting" amount is Admin Fees, OB fees, Contingency, City Loan + Bond Payments

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 8. D.**

<u>Date</u>	<u>Description</u>	<u>Balance</u>
6/30/2012	Dedicated/Restricted Balances	812,160.00
	Forecasted annual revenues:	
12/1/2012	Tax Increment Amount Projected	500,000.00
6/1/2013	Tax Increment Amount Projected	400,000.00
12/1/2013	Tax Increment Amount Projected	500,000.00
6/1/2014	Tax Increment Amount Projected	400,000.00
12/1/2014	Tax Increment Amount Projected	500,000.00
6/1/2015	Tax Increment Amount Projected	400,000.00
12/1/2015	Tax Increment Amount Projected	500,000.00
6/1/2016	Tax Increment Amount Projected	400,000.00
12/1/2016	Tax Increment Amount Projected	500,000.00
6/1/2017	Tax Increment Amount Projected	400,000.00
12/1/2017	Tax Increment Amount Projected	500,000.00
6/1/2018	Tax Increment Amount Projected	400,000.00
12/1/2018	Tax Increment Amount Projected	500,000.00
6/1/2019	Tax Increment Amount Projected	400,000.00
	Total resources available to fund enforceable obligations	<u>7,112,160.00</u>
	Forecasted annual spending requirements:	
7/1/2012	City Loan to RDA (Seaside & Operating)	216,250.00
10/20/2012	November 2012 Bond Payments	540,181.25
1/1/2013	Administrative Fees	125,000.00
1/1/2013	Oversight Board Fees	10,000.00
1/1/2013	Contingency **	200,000.00
1/1/2013	City Loan to RDA (Operating Only)	88,000.00
4/20/2013	May 2013 Bond Payments	182,731.25
7/1/2013	Administrative Fees	125,000.00
7/1/2013	Oversight Board Fees	10,000.00
7/1/2013	Contingency **	200,000.00
7/1/2013	City Loan to RDA	125,000.00
10/20/2013	November 2013 Bond Payments	522,731.25
1/1/2014	Administrative Fees	125,000.00
1/1/2014	Oversight Board Fees	10,000.00
1/1/2014	Contingency **	200,000.00
1/1/2014	City Loan to RDA	125,000.00
4/20/2014	May 2014 Bond Payments	175,462.50
7/1/2014	Administrative Fees	125,000.00
7/1/2014	Oversight Board Fees	10,000.00
7/1/2014	Contingency **	200,000.00
7/1/2014	City Loan to RDA	125,000.00
10/20/2014	November 2014 Bond Payments	560,462.50
1/1/2015	Administrative Fees	125,000.00
1/1/2015	Oversight Board Fees	10,000.00
1/1/2015	Contingency **	200,000.00
1/1/2015	City Loan to RDA	125,000.00
4/20/2015	May 2015 Bond Payments	166,150.00
6/1/2015	Repay SERAF Loan	568,092.00
7/1/2015	Administrative Fees	125,000.00
7/1/2015	Oversight Board Fees	10,000.00
7/1/2015	Contingency **	200,000.00
7/1/2015	City Loan to RDA	125,000.00
10/20/2015	November 2015 Bond Payments	566,150.00
1/1/2016	Administrative Fees	125,000.00

1/1/2016	Oversight Board Fees	10,000.00
1/1/2016	Contingency **	200,000.00
1/1/2016	City Loan to RDA	125,000.00
4/20/2016	May 2016 Bond Payments	156,475.00
6/1/2016	Repay SERAF Loan	116,960.00
7/1/2016	Administrative Fees	125,000.00
7/1/2016	Oversight Board Fees	10,000.00
7/1/2016	Contingency **	200,000.00
7/1/2016	City Loan to RDA	125,000.00
10/20/2016	November 2016 Bond Payments	576,475.00
1/1/2017	Administrative Fees	125,000.00
1/1/2017	Oversight Board Fees	10,000.00
1/1/2017	Contingency **	200,000.00
1/1/2017	City Loan to RDA	125,000.00
4/20/2017	May 2017 Bond Payments	146,300.00
7/1/2017	Administrative Fees	125,000.00
7/1/2017	Oversight Board Fees	10,000.00
7/1/2017	Contingency **	200,000.00
7/1/2017	City Loan to RDA	125,000.00
10/20/2017	November 2017 Bond Payments	581,300.00
1/1/2018	Administrative Fees	125,000.00
1/1/2018	Oversight Board Fees	10,000.00
1/1/2018	Contingency **	200,000.00
1/1/2018	City Loan to RDA	125,000.00
4/20/2018	May 2018 Bond Payments	135,762.50
7/1/2018	Administrative Fees	125,000.00
7/1/2018	Oversight Board Fees	10,000.00
7/1/2018	Contingency **	200,000.00
7/1/2018	City Loan to RDA	125,000.00
10/20/2018	November 2018 Bond Payments	595,762.50
1/1/2019	Administrative Fees	125,000.00
1/1/2019	Oversight Board Fees	10,000.00
1/1/2019	Contingency **	200,000.00
1/1/2019	City Loan to RDA	125,000.00
4/20/2019	May 2019 Bond Payments	124,612.50
	Total annual spending requirements	<u>11,874,858.25</u>
		<u>(4,762,698.25)</u>

Current unrestricted balances needed to be retained:

Checking account	588,355.83
Sales and Use Tax Account	227,941.93
2008 Tax Exempt CD #6998114883	524,595.06
2008 Tax Exempt CD #535671579	529,743.99
	<u>1,870,636.81</u>

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 9.**

**SUCCESSOR AGENCY OBLIGATIONS
July 2012 to December 2012**

<u>Obligation</u>	<u>Amount</u>	<u>Existing Cash as of 6/30/12</u>	<u>Explanation</u>
2008A Bonds	132,650.00	132,650.00	Tax increment received to pay the obligation
2008B Bonds	50,081.25	50,081.25	Tax increment received to pay the obligation
Administrative Costs	125,000.00	125,000.00	Tax increment received to pay the obligation

**SUCCESSOR AGENCY OBLIGATIONS
January 2013 to June 2013**

<u>Obligation</u>	<u>Amount</u>	<u>Existing Cash as of 6/30/12</u>	<u>Explanation</u>
2008A Bonds	347,650.00	347,650.00	Tax increment received to pay the obligation
2008B Bonds	175,081.25	156,778.75	Tax increment received to pay the obligation
Administrative Costs	125,000.00		Tax increment received to pay the obligation
Total	955,462.50	812,160.00	

**SAND CITY SUCCESSOR AGENCY
PROCEDURE 10.**

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	6,074,814
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		(818,924)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(2,573,093)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)		(1,870,637)
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)		(812,160)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		-
Amount to be remitted to county for disbursement to taxing entities	\$	-

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.



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January 31, 2013

VIA EMAIL – JJORDAN@LOZANOSMITH.COM

Judd Jordan
Lozano Smith
4 Lower Ragsdale Dr., Ste. 200
Monterey, CA 93940

Re: Capacity of Oversight Board to Sue or Be Sued

Dear Mr. Jordan:

Thank you for the opportunity to convey my thoughts to you concerning the capacity of an oversight board to participate as a party in litigation. As I mentioned to you over the telephone, I don't believe an oversight board has the capacity to sue.

"A civil action can be maintained only against a legal person, i.e., a natural person or an artificial or quasi-artificial person, a nonentity is incapable of suing or being sued." (*Oliver v. Swiss Club Tell* (1963) 222 Cal.App.2d 528, 537.) Another court explained: "In order for a civil action to be prosecuted, there must be some existing entity aimed at by the processes of the law, and against whom the court's judgment will operate." (*Tanner v. Estate of Best* (1940) 40 Cal.App.2d 442, 445.) Accordingly, the rationale behind that general rule is that "courts sit to settle disputes between existing parties and when the defendant is not a legal person no lawful judgment can be rendered against such a nonentity." (*Oliver, supra*, at p. 538.)

A public entity may sue and be sued. (Gov. Code § 945.) A "local public entity" includes a county, city, district, public authority, public agency, and political subdivisions or corporations of the state. (Gov. Code §§ 940.4; 940.) A close reading of the redevelopment agency dissolution statutes, however, reveals that it is unlikely that an oversight board constitutes a "public entity" that can sue and be sued. The statute governing the composition, duties, and other matters pertaining to oversight boards does not indicate that they are separate public entities from the public agencies that appointed the oversight board members. (Health & Safety Code § 34179.) Indeed, the statute provides that each oversight board member shall serve at the pleasure of the entity that appointed such member. (Health & Safety Code § 34179, subd. (g).) Moreover, the provision expressly limits the purposes for which an oversight board is deemed to be a public entity by providing that: "The oversight board shall be deemed to be a local public entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974." (Health & Safety Code § 34179, subd. (e).) And it is telling that section 34179 does not explicitly authorize oversight boards to sue and be sued.



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Judd Jordan
January 31, 2013
Page 2

By contrast, the statute governing successor agencies, adopted and amended by the same bills that adopted and amended section 34179 (AB 1X 26 and AB 1484), explicitly refers to successor agencies as public entities with the capacity to sue and be sued. (Health & Safety Code § 34173, subd. (g) ["A successor agency is a separate public entity from the public agency that provides for its governance.... A successor agency has its own name, can be sued, and can sue."] Similarly, the Community Redevelopment Law expressly authorized redevelopment agencies to sue and be sued. (Health & Safety Code § 33125, subd. (a).)

I believe an oversight board may also lack standing. While the individual public agencies represented on the oversight board may have a cognizable legal stake in litigation (e.g., the amount of any residual payment pursuant to Health & Saf. Code §34183(a)), the oversight board itself does not. It reviews and approves the validity of payments to others as listed on the Recognized Obligation Payment Schedule, but is not itself the recipient of any payments. Moreover, virtually all its decisions are subject to review and revision by the Department of Finance. In this respect, an oversight board functions in an advisory capacity like a planning commission. The ultimate decision-maker is the Department of Finance.

Finally, since an oversight board is dependent on the successor agency for funding, participating as an adverse party in litigation would require a successor agency to fund the attorney fees of its opponent. While there are statutes that could make a successor agency responsible for attorney fees of an opponent following successful litigation (e.g., under the private attorney general doctrine; CCP §1021.5), there is no statutory authority for requiring a successor agency (or any other public entity) to provide up-front funding for its opponent.

I would be happy to discuss this with you further, at your convenience.

Sincerely,

T. Brent Hawkins
of BEST BEST & KRIEGER LLP

TBH:lmg