



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Special Meeting
Amended Agenda for August 27, 2012**

**3:00 p.m., Monday, August 27, 2012,
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.

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 place a request 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)

5. CLOSED SESSION:
 - A. Oversight Board to adjourn to Closed Session:
 - 1) Pursuant to Section 54956.9(c) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Deciding whether to initiate litigation; 1 case)
 - B. Re-adjourn to Open Session to report any action taken at the conclusion of Closed Session in accordance with Section 54957.1 of the Ralph M. Brown Act



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Special Meeting
Amended Agenda for August 27, 2012**

6. ACTION/ DISCUSSION ITEMS

- A. Approval of Oversight Board RESOLUTION Approving the Oversight Board Minutes of August 13, 2012
- B. Status Report on the Distribution of Property Tax Based on ROPS I (January-June 2012)
- C. Consideration of the Successor Agency Oversight Board RESOLUTION Approving the Recognized Obligation Payment Schedule (ROPS 3) for January 2013 through June 2013 *{this item continued from August 13, 2012}*

7. ADJOURNMENT:

Next Scheduled Oversight Board Meeting:
Monday, September 17, 2012
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 AUGUST 13, 2012

WHEREAS, the Oversight Board at its special meeting of August 27, 2012 reviewed the Oversight Board draft minutes of August 13, 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 August 13, 2012.

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved minutes of August 13, 2012.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 27th day of August, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Stephen Ma, Board Chair

ATTEST:

Connie Horca, Board Secretary



CITY OF SAND CITY SUCCESSOR AGENCY

August 13, 2012

Oversight Board Meeting Minutes

The meeting was called to order by Vice Chair Stephen Ma at 3:04 P.M.

AGENDA ITEM 2, MEMBERS PRESENT

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Jerry Lomax, Monterey County Board of Supervisors {excused absence}
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 {excused absence}

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Board Member Scholink.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR

3:07 p.m. Floor opened for Public Comment.

There was no comment from the Public.

3:07 p.m. Floor closed to Public Comment.

Board Member Parker commented that at the last Board meeting the Board discussed the selection of a legal counsel today and that the selected legal counsel be hired before adoption of the next Recognized Obligation Payment Schedule (ROPS). This was not reflected in the minutes, and clarified that if any questions were raised regarding the ROPS, the Board may consult legal counsel before any action be made.

Chair Ma commented that the Recognized Obligation Payment Schedule (ROPS III) does have a statutory time limit and needs to be submitted to the Department of Finance (DOF) by September 1, 2012 in order to avoid any fines. Further discussion of the ROPS will continue under Agenda item 5D.

AGENDA ITEM 5, ACTION/ DISCUSSION ITEMS

- A. Board Member Parker reiterated that conversation reflecting the selection of legal counsel, and any issues regarding the approval of the Recognized Approval Obligation Payment Schedule (ROPS III) be incorporated into the August 13, 2012 Oversight Board meeting minutes.

Motion to approve the Oversight Board **Resolution** approving the Oversight Board Minutes of July 2, 2012 was made by Board Member Matarazzo, seconded by Board Member McPherson. AYES: Board Members McPherson, Parker, Ma,

Scholink, Matarazzo. NOES: None. ABSENT: Board Members Lomax, Addleman. ABSTAIN: None. Motion carried.

- B. Board Member Matarazzo reported that seven requests for qualification (RFQ) were received regarding legal counsel services to the Oversight Board. Four out of the seven recommended firms have direct redevelopment experience. A footnote regarding the law firm of Cota Cole was made.

Board Member Parker commented that after review of the Lozano Smith law firm, their skills, location and cost seemed comparable to Cota Cole's. Her major concern with the Cota Cole law firm is their independence from cities, and clear representation in behalf of the interest of the Oversight Board.

Board Member Scholink indicated that the Cota Cole and Lozano Smith law firms were her top two choices. Board Members Ma and McPherson have both worked with and had good experiences with the firm of Lozano Smith. They concurred with their preference to work with that law firm.

Motion to approve the Successor Agency Oversight Board **Resolution** approving the retention of legal counsel and to retain the services of Judd Jordan of the Lozano Smith Law Firm was made by Board Member Parker, seconded by Board Member McPherson. AYES: Board Members McPherson, Parker, Ma, Scholink, Matarazzo. NOES: None. ABSENT: Board Members Lomax, Addleman. ABSTAIN: None. Motion carried.

- C. City Administrator Steve Matarazzo reported that an estimation was conducted on the percentage of Successor Agency staff time and other costs over the past six months in redevelopment dissolution activities. The total cost is approximately \$126,125. The Successor Agency has received \$125,000 from the County Auditor's office, which is the maximum amount based on the formula provided in AB 1484 and AB1X 26 legislation.

There was Board discussion regarding whether this amount would be invoiced, or if it is a lump sum allocated to the City. The total hours and staff time, if actually calculated would likely exceed the amount budgeted, stated Board Member Scholink. The Board further discussed the amount budgeted for legal services, and if the amount sufficient to cover legal services. Chair Ma suggested that some form of budget reconciliation be presented to the Board at the end of the first six month period (i.e. the end of the calendar year).

In response to Board Member Parker's question regarding Staff time and if it includes working with the developer on proposed projects, Board Member Matarazzo commented that it is not included in the cost, as it is not an allowable expense. Per legislation, should negotiation occur on property with a development and disposition agreement, staff time associated with the negotiation can be charged as a project cost, not as an administrative cost.

Board Member Scholink responded to Chair Ma's question regarding

clarification of the Fitness cost, explaining that this is a benefit provided to employee's to encourage better health through gym membership.

Board Member Parker expressed concern that the budget should reflect the total actually allocated by the County, and advised that an amount for appraisal be reduced to attain the maximum budget amount. Board Member Matarazzo recommended decreasing the Appraisal fees in both six month periods so the budget would reflect the allocated amount of funds being received by the Agency. He motioned that the Oversight Board conduct a six month budget review.

Chair Ma reiterated the Board's agreed upon discussion to reduce the Appraisal amount so that the total Administrative Budget for July through December 2012 would reflect \$125,000, reconciliation and re-evaluation of the Administrative Budget would be conducted after the six month period, and that Staff time would also be tracked.

Motion to approve the Successor Agency Oversight Board **Resolution**, as amended, by Chair Ma, approving an Administrative Budget for Fiscal Year 2012-2013 was made by Board Member Matarazzo, seconded by Board Member McPherson. AYES: Board Members McPherson, Parker, Ma, Scholink, Matarazzo. NOES: None. ABSENT: Board Members Lomax, Addleman. ABSTAIN: None. Motion carried.

- D. The Department of Finance (DOF) distributed a new reporting form on Friday that was updated by Staff and handed out to the Oversight Board. Board Member Matarazzo summarized the Recognized Obligation Payment Schedule (ROPS III) that these obligations were approved by the Board in the past such as the Tax Allocation Bonds, the City acting as Successor Agency staffing costs, SERAF payment, and the RDA LMIHF. He reported that the Agency is in dispute with the Department of Finance regarding cost associated with the repayment of loans for Staff and facilities (line item 12 and 13), and whether they are reported enforceable obligation's. Per AB1X 26 and AB 1484 legislation, these payments were cited as an exemption. If the loan agreement was signed within two years of the formation of the redevelopment agency, it is therefore legal.

In response to Board Member Parkers question regarding line items 12 and 13 whether the interest rate was applicable to staff and facilities and to the repayment of monetary loans, Board Member Scholink responded that the reflected amounts were recalculated according to the Local Agency Investment Fund (LAIF) interest rate. Board Member Parker commented that if the Successor Agency is in a dispute with the Department of Finance, the Oversight Board should wait for advice from legal counsel before allocating payment.

Board Member Matarazzo reported that ROPS I & II have been approved by the Oversight Board and the Department of Finance with the exception of the payments due on the City loan to the Redevelopment Agency (lines 12 & 13).

Based on that exception, the County Assessor stated that he was holding certain funds in trust. Payments to the LEA's have been satisfied in ROPS II and are not reflected on ROPS III. Sand City's Successor Agency received notification by the County Auditor as required by AB 1484 that the City has no payments due. An accounting can be provided to the Board at the next meeting showing payments FY 2011-12 to the affected taxing entities.

The Board discussed questions that will be posed to legal counsel such as clarification on line item 12, repayment of loans for Staff and Facilities, and if the loan (line item 13) had to do with a sales tax agreement, why was a loan necessary.

There was unanimous consensus of the Board to hold a special meeting on Monday, August 27, 2012 at 3:00 P.M. to consider the Successor Agency Oversight Board **Resolution** approving the Recognized Obligation Payment Schedule (ROPS 3) for January 2013 through June 2013.

- E. There was unanimous consensus of the Board to cancel the Monday, September 3, 2012 regularly scheduled meeting due to the Labor Day Holiday and to hold a meeting on Monday, September 17, 2012 at 3:00 P.M.

In response to Board Member McPherson's concern regarding the public comments made at a previous Oversight Board meeting for the continued use of the community garden, Board Member Matarazzo commented that AB 1484 has allowed Successor Agency's more time in the disposition of property. If successfully upheld in court, a property management plan will be implemented sometime at the beginning of next year.

Board Member Scholink reminded the Oversight Board of the upcoming West End Celebration to be held on August 24, 25 & 26, 2012.

AGENDA ITEM 6, ADJOURNMENT

Motion to adjourn the Sand City Successor Agency Oversight Board meeting was made by Board Member Parker, seconded by Board Member McPherson to the next scheduled Oversight Board meeting on Monday, September 17, 2012 at 3:00 p.m. There was unanimous consensus of the Board to adjourn the meeting at 4:45 P.M.

Connie Horca, Oversight Board Secretary

Sand City Successor Agency Oversight Board
staff memorandum

DATE: August 21, 2012 (for Oversight Board Special Meeting of August 27, 2012)

TO: Sand City Oversight Board

FROM: Steve Matarazzo, staff 

SUBJECT: Distribution of Property Tax Based on ROPS 1 (January -June 2012)

The County Auditor released the distribution of property tax based on the Sand City Successor Agency ROPS 1. This accounting shows the distribution based on enforceable obligations of the Successor Agency and payments to affected taxing entities (ATE), including payments via pass-through agreements. The Auditor had been sequestering funds in the amount of \$176,000 (see residual balance on page 2), but released those funds to all taxing entities as shown on the chart. The Auditor advised me that a recent court case was resolved, allowing all county auditors to release the sequestered funds, however, this did not negate the possibility of coming to an agreement with the Department of Finance (DOF) in the future regarding the additional funds still in dispute pertaining to the City of Sand City's loan of monies to the former redevelopment agency.

ATTACHMENT: Redevelopment Property Tax Trust Fund (RPTTF) Allocations for January 2012 - June 2012 ROPS

County of Monterey
 Redevelopment Property Tax Trust Fund Allocations for January 2012-June 2012 ROPS
 (Whole Numbers)

Former RDA
 Sand City

Redevelopment Property Tax Trust Fund (RPTTF) Activity

RPTTF Beginning Balance (Must be \$0 in all cases)	0
Deposits:	
Secured & Unsecured Property Tax Increment	995,721
Supplemental & Unitary Property Tax Increment	(59,582)
Deposit totals	936,139
Available Property Tax Increment Balance	936,139
H&S Code 34183 Distributions	
Administrative Fees to County Auditor-Controller	
SB2557 Administration Fees	
ERAF Passthrough Payments	
City Passthrough Payments	
County Passthrough Payments	174,578
Special District Passthrough Payments	14,290
K-12 School Passthrough Payments - Tax Portion	77,254
K-12 School Passthrough Payments - Facilities Portion	(2,672)
Community College Passthrough Payments - Tax Portion	5,284
Community College Passthrough Payments - Facilities Portion	(267)
County Office of Education - Tax Portion	3,060
County Office of Education - Facilities Portion	(232)
ROPS Enforceable Obligations Payable from Property Taxes (Includes Successor Agency Administrative Budget. If different from amount of Finance-approved ROPS, provide comments in ROPS Comments section below.	664,844
SCO Invoices for Audit and Oversight	
H&S Code 34183 Dist Totals	936,139
Residual Balance	-
HSC section 34183 (a) (4) Residual Distributions (Figures should include the effect of any HSC section 34188 "haircutting")	
Residual Balance to Cities	
Residual Balance to Counties	
Residual Balance to Special Districts	
Residual Balance to K-12 Schools	
Residual Balance to Community Colleges	
County Office of Education	
ERAF	
	-
Ending RPTTF Balance (MUST be \$0 in all cases)	0

County of Monterey
 Redevelopment Property Tax Trust Fund Allocations for July 2012-December 2012 ROPS
 (Whole Numbers)

Former RDA
 Sand City

Redevelopment Property Tax Trust Fund (RPTTF) Activity

RPTTF Beginning Balance (Must be \$0 in all cases)	0
Deposits:	
Secured & Unsecured Property Tax Increment	708,498
Supplemental & Unitary Property Tax Increment	24,480
Deposit totals	732,978
RPTTF Available Balance	732,978
H&S Code 34183 Distributions	
Administrative Fees to County Auditor-Controller	11,739
SB2557 Administration Fees	22,034
ERAF Passthrough Payments	
City Passthrough Payments	-
County Passthrough Payments	124,801
Special District Passthrough Payments	30,508
K-12 School Passthrough Payments - Tax Portion	51,252
K-12 School Passthrough Payments - Facilities Portion	116
Community College Passthrough Payments - Tax Portion	5,536
Community College Passthrough Payments - Facilities Portion	12
County Office of Education - Tax Portion	3,117
County Office of Education - Facilities Portion	10
ROPS Enforceable Obligations Payable from Property Taxes (Includes Successor Agency Administrative Budget. If different from amount of Finance-approved ROPS, provide comments in ROPS Comments section below.	307,731
SCO Invoices for Audit and Oversight	
H&S Code 34183 Dist Totals	556,856
Residual Balance	176,122
HSC section 34183 (a) (4) Residual Distributions (Figures should include the effect of any HSC section 34188 "haircutting")	
Residual Balance to Cities	41,231
Residual Balance to Counties	19,342
Residual Balance to Special Districts	8,566
Residual Balance to K-12 Schools	77,760
Residual Balance to Community Colleges	8,398
County Office of Education	4,734
ERAF	16,091
	176,122
Ending RPTTF Balance (MUST be \$0 in all cases)	0

SAND CITY OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
staff memorandum

DATE: August 7, 2012 (for Oversight Board Meeting of August 13, 2012)
Update for Meeting of August 27, 2012

TO: Sand City Oversight Board

FROM: Steve Matarazzo, Successor Agency Staff 

SUBJECT: Consideration of Recognized Obligation Payment Schedule (ROPS) for January 2013 Through June, 2013, as Required by Assembly Bill 1484 (AB 1484)

UPDATE

This item was continued from the August 13, 2012 because the Oversight Board wanted the Oversight Board legal counsel to advise them on ROPS 3, particularly as it relates to the City loan of services and cash advances to the former redevelopment agency as accounted for on the draft Recognized Obligation Payment Schedule 3 (lines 12 and 13 of the ROPS). Members of the Successor Agency staff and Chair Ma and Board member Parker met with Judd Jordan of Lozano Smith, the new Oversight Board attorney, on August 16th to finalize the contract with Lozano Smith and to articulate some of the concerns of the Oversight Board and the Successor Agency. Judd Jordan will be prepared to address the Board on any remaining ROPS issues at your August 27th meeting. ROPS 3 must be transmitted to the Department of Finance (DOF) by September 1, 2012.

BACKGROUND

Assembly Bill 1484 (AB 1484), the redevelopment dissolution clean-up legislation, was signed into law on June 27, 2012. One of the requirements of this new legislation is that the Recognized Obligation Payment Schedule (ROPS) for January 2013 through June, 2013 (ROPS 3) must be sent to the Department of Finance (DOF) for review and approval no later than September 1, 2012. To meet this schedule, the Oversight Board needs to approve ROPS 3 during its August meeting. ROPS 3 was approved by the Successor Agency on August 7, 2012.

ROPS 3 (attachment 1, with resolution) is similar to previously approved ROPS. It includes monies necessary to: (1) meet the payment schedules of the former redevelopment agency's two bonds; (2) partially repay the City of Sand City for cash advances, staffing and facilities; (3) meet a potential contingency payment to the City of Seaside; and (4) pay for the administrative expenses of the Successor Agency through the administrative allowance provided by the redevelopment dissolution legislation. ROPS 3 will also continue to illustrate other enforceable obligations as "placeholders", and not obligations payable during the term from January through June, 2013.

ROPS 3 also recognizes the debt of the former Redevelopment Agency to the City, even though the Department of Finance has previously rejected this obligation as not being a "loan" under the terms of the original redevelopment dissolution act, AB x1 26. The Successor Agency has formally objected to this disallowance and has requested reconsideration by DOF (see attachment 2).^{*} In addition, this accumulated debt (City loan to the former agency) has been recalculated and reduced as directed by the Oversight Board. The Oversight Board wanted to insure that the accumulated interest on the debt was consistent with the average Local Agency Investment Fund (LAIF) rate of return during the term of the loan. The City charged an interest rate of 7% on the loan amount, but the average LAIF rate during the loan term was 4.86%.

RECOMMENDATION

It is therefore RECOMMENDED that the attached resolution be adopted, approving the Recognized Obligation Payment Schedule (ROPS) for January 2013 through June, 2013.

ATTACHMENTS:

1. Resolution with ROPS 3 attachment.
2. Letter from Successor Agency Special Counsel, Brent Hawkins, to Mark Hill, Department of Finance dated July 5, 2012

^{*}Although the DOF letter sent by Successor Agency special counsel mentions potential legal action, it is likely there will be a "meet and confer" procedure granted to the Successor Agency complaint as required by AB 1484.

CITY OF SAND CITY

RESOLUTION OB _____, 2012

RESOLUTION OF THE OVERSIGHT BOARD OF THE SAND CITY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR JANUARY 2013 THROUGH JUNE 2013

WHEREAS, the Redevelopment Dissolution Act (AB x1 26 and AB 1484) requires Successor Agencies and their oversight boards to prepare and approve Recognized Obligation Payment Schedules (ROPS); and

WHEREAS, the Sand City Successor Agency, on July 17, 2012, approved the ROPS, also known as ROPS 3, attached hereto and incorporated herein by this reference as Exhibit A; and

WHEREAS, on August 13, 2012, the Oversight Board of the Successor Agency reviewed and approved ROPS 3, based in part on a recalculated debt of the former agency to the City based on the average Local Agency Investment Fund (LAIF) rate of return, as directed by the Oversight Board and consistent with the requirements of Assembly Bill 1484 (AB 1484); and

WHEREAS, the Oversight Board recognizes that the partial repayment of the former redevelopment agency debt to the City of Sand City is in dispute and may require a further adjustment of the ROPS, following a meet and confer process with the Department of Finance (DOF).

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Sand City Successor Agency hereby approves ROPS 3 and directs staff to forward ROPS 3 to the Department of Finance for final approval, and to also transmit ROPS 3 to the County Administrative Officer and the County Auditor-Controller as required by AB 1484.

PASSED AND ADOPTED by the Oversight Board to the Sand City Successor Agency on this 13th day of August, 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Connie Horca, Clerk to the Board

Stephen Ma, Chair

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to the former Sand City Redevelopment Agency

		Total Outstanding Debt or Obligation
Outstanding Debt or Obligation		\$ 23,973,104
Current Period Outstanding Debt or Obligation		Six-Month Total
A	Available Revenues Other Than Anticipated RPTTF Funding	-
B	Anticipated Enforceable Obligations Funded with RPTTF	860,731
C	Anticipated Administrative Allowance Funded with RPTTF	125,000
D	Total RPTTF Requested (B + C = D)	985,731
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be the same amount as ROPS form six-month total</i>		\$ 985,731
E	Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	600,000
F	Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ (385,731)
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))		
G	Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	664,844
H	Enter Actual Obligations Paid with RPTTF	664,844
I	Enter Actual Administrative Expenses Paid with RPTTF	-
J	Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	664,844
K	Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	\$ 320,887

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code,
I hereby certify that the above is a true and accurate Recognized
Obligation Payment Schedule for the above named agency.

Name

Title

Signature

Date

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						
									LMHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
1	2008A Exempt Tax Allocation Bonds	1/15/2008	2027	US Bank	Finance and Refinance RDA Activities	Sand City	9,226,610.00	1,263,463	\$ -	\$ -	\$ -	\$ -	\$ 860,731	\$ -	\$ 860,731
2	2008B Tax Allocation Bonds	1/16/2008	2023	US Bank	Finance and Refinance RDA Activities	Sand City	2,633,768.25	225,162.50	\$ -	\$ -	\$ -	\$ -	\$ 175,091	\$ -	\$ 175,091
3	Sand City	2/1/2012		City acting as Successor Agency	Administrative Cost Allowance	Sand City		250,000.00	\$ -	\$ -	125,000	\$ -	\$ -	\$ -	125,000
4	Sand City	8/13/2012		City acting as Successor Agency	Oversight Board Counsel	Sand City		20,000	\$ -	\$ -	\$ -	10,000	\$ -	\$ -	10,000
5	City of Sand City	4/1/1995		City of Sand City	COP Reimbursement	Sand City	1,454,766.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	SERAF Payment	5/10/2010	6/30/2015	County Auditor 34177 (d)	Repay loan from LMHF	Sand City	566,092.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	SERAF Payment	5/4/2011	6/30/2016	County Auditor 34177 (g)	Repay loan from LMHF	Sand City	116,960.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	RDA LMHF	6/30/2010		County Auditor 34177 (d)	Trustup payment to Housing Account from FY 09-10	Sand City	133,369.35		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	RDA LMHF	6/30/2011		County Auditor 34177 (g)	Trustup payment to Housing Account from FY 10-11	Sand City	106,460.65		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	McDonald Coastal Project	6/30/2001		John King - ODA	Contingency Reimbursement	Sand City	1,455,000.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Tax Sharing Agreement	5/19/1989	1/31/2012	City of Seaside	1989 tax sharing agreement contingent	Sand City		200,000	\$ -	\$ -	\$ -	\$ -	200,000	\$ -	200,000
12	Sand City Redevelopment Project	1/20/1987	1/31/2012	City of Sand City	Repay loans for Staff and Facilities	Sand City	3,626,057.91	88,000	\$ -	\$ -	\$ -	\$ -	88,000	\$ -	88,000
13	Sand City Redevelopment Project	1/20/1987	1/31/2012	City of Sand City	Repay for Monetary Loans (Seaside)	Sand City	4,650,000.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) -- Notes (Optional)
 January 1, 2013 through June 30, 2013

Item #	Notes/Comments
11	<p>Sand City claims the agreement is no longer effective. Seaside claims the agreement is still effective. If the agreement is determined to be effective, it would qualify as an enforceable obligation.</p> <p>By listing this contingent liability, Sand City does not admit the continued effectiveness of the agreement.</p>
12	<p>The Sand City Redevelopment Agency was created by Ordinance No. 86-12 of the City of Sand City ("City") passed on October 16, 1986 which became effective on November 15, 1986. On January 20, 1987, the City entered into a written agreement (the "1987 Cooperative Agreement") with the Sand City Redevelopment Agency ("Agency") which provided in part: "The City, its officers, and employees shall perform services for the Agency in carrying out its work of redevelopment. The Agency shall also have access to the facilities of the departments and offices of the City." The 1987 Cooperative Agreement also provides: "The Agency shall reimburse the City for all costs incurred by City officers and employees in rendering services to the Agency commencing October 16, 1986. The Agency shall reimburse the City for all personnel services performed on an hourly basis at rates, including overhead established by the City Manager, plus interest thereon at the average annual rate which the City earns on its invested reserves, but not to exceed a rate of 12% per annum." \$3,626,057.91 represents the total outstanding principal value of the City's loan of staff and facilities to the Agency, plus interest calculated at the average annual LAIF rate.</p> <p>The 1987 Cooperative Agreement to make such loans of staff and services was made within 3 months following the creation of the Agency and therefore qualifies as an 'enforceable obligation' under the last sentence of section 37171 (d)(2) of the California Health and Safety Code.</p>
13	<p>The 1987 Cooperative Agreement between the City and the Agency referred to in the Item No. 12, supra also provides: "The City may advance funds to the Agency and the Agency may advance funds to the City to effectuate the redevelopment program. Any and all fund advances and/or loans by the City to the Agency, or by the Agency to the City, shall be formalized by the approval and adoption of a Fund Advance Agreement by both the Agency and the City. The Fund Advance Agreement shall contain terms and conditions agreed upon by the Agency and the City, as appropriate to indicate the purpose of the advance and/or loan, and repayment requirements, if necessary, to effectuate the redevelopment program."</p> <p>On January 20, 1987, the City and the Agency entered a Fund Advance Agreement, under which the City loaned the sum of \$60,000 to the Agency. The January 1987 Fund Advance Agreement provides that any outstanding principal balance of the loan will bear interest at the rate of 12%, per annum.</p> <p>On September 10, 1987, the City and the Agency entered into a second Fund Advance Agreement in furtherance of the 1987 Cooperative Agreement, under which the City loaned an additional \$30,000 to the Agency for the same purposes and on the same terms as the first Fund Advance Agreement.</p> <p>On July 18, 1989, the City and Agency entered into a third Agreement in furtherance of the 1987 Cooperative Agreement, under which the City agreed to make continuing loans to the Agency in amounts equal to a proportion of sales tax generated within the Sand City Project Area. The purpose of these loans were to fund obligations undertaken by the Agency necessary to implement the Sand City Redevelopment Plan. The amount shown as Item 13 on ROPS III represents the outstanding principal balance of all these monetary loans, plus interest calculated at the average LAIF rate.</p> <p>The 1987 Cooperative Agreement was made within three months following the creation of the Agency. Monetary loans made by the City in January of 1987, September of 1987 and under the 1989 Agreement were all made in fulfillment of the obligations undertaken by the City in the 1987 Cooperative Agreement. The Agency's obligation to repay these monetary loans qualifies as an 'enforceable obligation' under the last sentence of section 37171 (d)(2) of the California Health and Safety Code.</p>

Pursuant to Health and Safety Code section 34186 (a)
 PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)
 January 1, 2012 through June 30, 2012

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTIF		Other	
						Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
		Grand Total				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1/1	1	2008A Exempt Tax Allocation Bonds	US Bank	Finance and Refinance RDA Activities													
1/2	2	2008B Tax Allocation Bonds	US Bank	Finance Redevelopment Activities													
2/1	3	Sand City	City acting as Successor Agency	Administrative Cost Allowance													
1/5	4	City of Sand City	City of Sand City	ICOP Reimbursement													
1/6	5	SERAF Payment	County Auditor 34177 (d)	Repay loan from LMIHF													
1/7	6	RDA LMIHF	County Auditor 34177 (d)	Due to Housing Account from FY 09-10 & 10-11													
1/8	7	McDonald Coastal Project	John King - DDA	Contingency Reimbursement													
1/11	8																
1/11	9	Tax Sharing Agreement	City of Seaside	1980 tax sharing agreement contingent						400,000							
2/2	10	Sand City Redevelopment Project	City of Sand City	Repay for Monetary Loans (Seaside)						792,946							
2/2	11	Sand City Redevelopment Project	City of Sand City	Repay loans for Staff and Facilities													



BEST BEST & KRIEGER
ATTORNEYS AT LAW

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Irvine
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Walnut Creek
(925) 977-3300

Washington, DC
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T. Brent Hawkins
(916) 551-2086
brent.hawkins@bbklaw.com
File No. 82833.00001

July 5, 2012

Via Email and U.S. Mail

Mr. Mark Hill
Program Budget Manager
California Department of Finance
915 L Street
Sacramento, CA. 95814-3706

Re: City of Sand City; Recognized Payment Obligation Schedule
Approval Letter

Dear Mr. Hill:

This office has been retained by the City of Sand City in connection with a dispute with your office ("DOF") concerning the status of certain agreements as "enforceable obligations" under ABIX 26. Specifically, in your letter to Sand City dated May 24, 2012, DOF disallowed certain obligations owed by the Redevelopment Agency of the City of Sand City to the City of Sand City that were listed on the Recognized Obligation Payment Schedule ("ROPS"). Your office stated the denial was based on the following ground:

"HSC 34171(d)(2) states that loans or advances from the City to its former RDA are not enforceable obligations."

A copy of your May 24 letter is attached for your convenience as Exhibit "A".

As set forth in detail below, the conclusion reached in the DOF letter of May 24, 2012 is an inaccurate application of the law. In fact, the law specifically recognizes agreements between a redevelopment agency and its legislative body as valid enforceable obligations if they were entered into within two years after formation of the agency. The obligations in question arose from an agreement made within two years of the creation of the Sand City Redevelopment Agency. As such, they are valid enforceable obligations.

Sand City requests that you reconsider your determination in light of the facts and arguments set forth in this letter. Sand City is willing to meet with representatives of DOF and provide any other factual material you feel may be necessary. If Sand City does not receive assurances that this dispute can be resolved in a manner which is satisfactory to the City within

BBK
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the next 30 days, it will have no alternative but to commence proceedings to have the matter adjudicated.

ANALYSIS

The Redevelopment Agency of the City of Sand City (the "Agency") was activated by Ordinance No. 86-12 of the City of Sand City (the "City") passed on October 16, 1986. (See Health & Saf. Code Sec. 33101.)¹ Ordinance No. 86-12 became effective thirty (30) days after passage, on November 15, 1986. A copy of Ordinance No. 86-12 is attached hereto as Exhibit "B".

On January 20, 1987, less than two months following activation of the Agency, the Agency and the City entered into a Cooperative Agreement (the "**1987 Cooperative Agreement**"). Copies of the 1987 Cooperative Agreement and approving resolutions are attached hereto as Exhibit "C". The 1987 Cooperative Agreement establishes legal and business relationships between two separate legal entities – the City and the Agency. It obligates the City to perform services for the Agency related to carrying out its work of redevelopment and gives the Agency access to the facilities, offices and departments of the City. (Sec. 6) It also obligates the Agency to compensate the City for providing these services. (Sec. 7) Section 11 of the agreement authorizes the City to advance funds to the Agency to effectuate the redevelopment program.

These kinds of agreements are routine and were commonly entered into in connection with the activation of a redevelopment agency or adoption of a redevelopment plan. *Redevelopment In California*, the leading publication on redevelopment law and practice, counsels that redevelopment agencies do the following after the agency has been activated:

"Adopt a general agreement between the agency and the community, often called a cooperation agreement. This authorizes the community to give the newly formed agency financial and personnel assistance, use of facilities, and other aid, and may be used to establish agency indebtedness required to obtain tax increment. These agreements often obligate the agency to reimburse the community for all or a portion of the assistance."²

The 1987 Cooperative Agreement is precisely this kind of agreement. It states that the City will provide the Agency with staff services and facilities and the Agency will reimburse the City for the cost of these services and facilities. The 1987 Cooperative Agreement also provides that the City will advance funds to the Agency on terms to be agreed between the parties when the fund advances are made. These agreements are an exercise of the authority granted to the City under Section 33220 to aid and cooperate in the planning, undertaking, construction or operation of a redevelopment project.

¹ All references herein are to the Health and Safety Code unless otherwise noted.

² Coomes et al, *Redevelopment in California*, (Solano Press, 4th ed., 2009), p. 25.
82833.00001\7497542.1



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On July 21, 1987, the City acted by Ordinance No. 87-6 to adopt the Redevelopment Plan for the Sand City Redevelopment Project. The City adopted geographical boundaries for the Sand City Redevelopment Project Area that included the entire City. On July 18, 1989, acting in furtherance of the agreements made in the 1987 Cooperative Agreement the Agency and the City entered into an Agreement Concerning Certain Sales and Use Taxes (the "1989 Sales Tax Agreement"). A copy of the 1989 Sales Tax Agreement and approving resolutions is attached hereto as Exhibit "D". The City and Agency had previously adopted ordinances granting the Agency the authority to levy a sales and use tax in the Sand City Redevelopment Project Area and establishing a dollar for dollar credit against any sales or use taxes levied by the City within the Project Area.³ The 1989 Sales Tax Agreement recognized that the Agency would be collecting sales and use taxes throughout the City. The 1989 Sales Tax Agreement provides that sales and use taxes collected and used by the Agency to fund certain obligations to third parties were an advance of funds from the City to the Agency within the meaning of the 1987 Cooperative Agreement, to be repaid to the City from tax increment generated by the Sand City Redevelopment Project. The balance of the sales and use tax collected by the Agency were to be paid to the City.

Between 1989 and 1996, tax increment generated by the Sand City Redevelopment Project proved insufficient to repay the City for the cost of staff services and facilities it provided to the Agency. Accordingly, the Agency and City would act at the time of adoption of their annual budgets to loan further sales and use tax dollars to the Agency which the Agency would in turn use to repay the sum it owed the City for services and facilities.

On June 26, 1996, the Agency adopted Resolution No. 96-10 (the "1996 Resolution"), a copy of which is attached hereto as Exhibit "E". The purpose of the 1996 Resolution was to memorialize the process which had been used to "appropriate" loans of services, facilities and monies from the City to the Agency. Another purpose of the 1996 Resolution was to fix the interest rate to be charged on loans from the City to the Agency at "...a [then] nominal interest rate of 7% per annum..."

AB1X 26 defines "enforceable obligations" to include:

"Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy . . ." (Sec. 34170.5(d)(1)(E).)

³ This procedure was authorized under former Rev. & Tax Code Sec. 7202.6 which was repealed in 1993. (Stats. 1993, c. 942, Sec. 37 (AB 1290)). The repeal of this section did not effect the validity of agreements previously entered into, like the 1989 Sales Tax Agreement. (See, Coomes et al, *Redevelopment in California*, pp. 250-251.) 82833.00001\7497542.1



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ATTORNEYS AT LAW

This section goes on to state that the term "enforceable obligation" does not include "any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency" unless the agreement was entered into "within two years of the date of creation of the redevelopment agency." (Sec. 34170.5(d)(2). (See also Sec. 34178.)

The 1987 Cooperative Agreement is a "legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." The 1987 Cooperative Agreement was made within two (2) months after the date the Agency was created. The City has continuously advanced staff, services and funds to the Agency since the time the 1987 Cooperative Agreement was made. The outstanding balance of these loans have been accounted for on an annual basis and that accounting has been audited on an annual basis. The Agency has periodically repaid some of the outstanding balance of the total amount loaned to it by the City. The \$12,949,573 balance of the loan from the City to the Agency is an enforceable obligation which should be listed on the ROPS and is entitled to an allocation from the Redevelopment Property Tax Trust Fund ("RPTTF").

It follows logically that the 1989 Sales Tax Agreement and the 1996 Resolution, which merely implement the 1987 Cooperative Agreement, are part of the contract made between the City and the Agency in January of 1987. Section 11 of the 1987 Cooperative Agreement specifically contemplates that other agreements will be entered into to implement its terms. Enforceable obligations must include contracts necessary or convenient to carry out their terms. If not, agreements that are clearly enforceable obligations, but require subsequent contracts to be implemented, would be unenforceable. This would result in an absurdity that is contrary to the intent of AB1X 26. Section 34167(f) states:

"Nothing in this part shall be construed to interfere with a redevelopment agency's authority, pursuant to enforceable obligations as defined in this chapter, to (1) make payments due, (2) enforce existing covenants and obligations, or (3) perform its obligations."

Similarly, Section 34174 provides:

". . . nothing herein is intended to absolve the successor agency of payment or other obligations due or imposed pursuant to the enforceable obligations . . ."

Many contracts have executory features. A rule that executory contracts entered into pursuant an enforceable obligation cannot be listed on a recognized obligation payment schedule would defeat the statutory purpose of honoring enforceable obligations and could lead to constitutional claims based on impairment of contract.



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ATTORNEYS AT LAW

For the foregoing reasons, Sand City requests that DOF revise its approval of the ROPS to include obligations disallowed in your May 24, 2012 letter relating to the 1987 Cooperative Agreement and related actions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'T. Brent Hawkins'.

T. Brent Hawkins

cc: Michael J. Miller, Auditor-Controller, Monterey County, w/attach.
Steve Matarazzo, City Manager, w/attach.
Jim Heisinger, City Attorney, w/attach.

attachments

EXHIBIT "A"



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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

May 24, 2012

Steve Matarazzo, City Administrator
City of Sand City
1 Sylvan Park
Sand City, CA 93955

Dear Mr. Matarazzo:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Sand City (City) Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 18, 2012, for the January through June 2012 and the July 2012 through December 2012 periods. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Except for items disallowed below, Finance is approving the remaining items listed in your ROPS for both periods:

Page 1, item 2 on both ROPS is a City loan for \$12.9 million. HSC section 34171 (d) (2) states loans or advances from the City to its former RDA are not enforceable obligations.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

Mr. Matarazzo
May 23, 2012
Page 2

cc: Ms. Linda Schollink, Director of Administrative Services, Sand City
Ms. Julie Aguero, Auditor Controller Analyst II, Monterey County



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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

May 11, 2012

Linda Scholink, Administrative Services Director
Sand City
1 Sylvan Park
Sand City, CA 93955

Dear Ms. Scholink:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Sand City Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012 for the period July through December 2012.

The ROPS submitted to Finance is not approved for making obligation payments. The total Redevelopment Property Tax amount listed on the ROPS for the six month period exceeds the total tax increment received by the agency for fiscal year 2010-11. Thus it appears that this plan of expenditure is not feasible.

Please resubmit a revised board-approved ROPS reflecting a feasible amount of Tax Increment for the July through December 2012 period. Please make every effort to assign other funding sources to obligations as feasible and use current tax increment as the funding source of last resort as required by HSC section 34177(l). Submit the revised ROPS to the following email address:

Redevelopment_Administration@dof.ca.gov

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Steve Matarazzo, City Administrator, Sand City
Ms. Devon Lazzarino, Accounting Technician II, Sand City
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey

Initial ROPS
(January - June, 2012) approved by Oversight Board on April 27, 2012

<u>Recognized Obligation</u>	<u>Payment</u>
Bond payments:	\$730,362
Seaside Payment (contingent obligation)	\$400,000
Pass-throughs	\$243,422
Loan Repayment to City of Sand City:	\$762,946
Subtotal:	\$2,136,730 (Available Property tax within Sand City tax code area = \$2,190,000)

*Oversight Board also allowed \$250,000 Admin Allowance which is Not Allowed until next fiscal year.

Initial ROPS
(January - June, 2012) approved by Oversight Board on April 27, 2012

<u>Recognized Obligation</u>	<u>Payment</u>
Bond payments:	\$730,362
Seaside Payment (contingent obligation)	\$400,000
Pass-throughs	\$243,422
Loan Repayment to City of Sand City:	\$762,946
Subtotal:	\$2,136,730 (Available Property tax within Sand City tax code area = \$2,190,000)

*Oversight Board also allowed \$250,000 Admin Allowance which is Not Allowed until next fiscal year.

EXHIBIT "B"

ORDINANCE NO. 86-12

**AN ORDINANCE OF THE CITY OF SAND CITY DECLARING THE NEED FOR
A REDEVELOPMENT AGENCY TO FUNCTION IN THE CITY OF SAND CITY
AND DECLARING THE CITY COUNCIL TO BE THE REDEVELOPMENT
AGENCY FOR THE CITY OF SAND CITY**

WHEREAS, the California Community Redevelopment Law (health and Safety Code Section 33000 et. seq.) in Section 33100 creates in the City of Sand City a public body, corporate and politic, known as the Redevelopment Agency, for the purpose of exercising the powers granted by the Community Redevelopment Law; and

WHEREAS, Section 33101 of the Community Redevelopment Law provides that said Redevelopment Agency shall not transact any business or exercise any powers unless by ordinance of the City Council of the City of Sand City and declares that there is a need for such a public body to function; and

WHEREAS, Section 33200 of the Community Redevelopment Law provides that as an alternative to the appointment of five (5) members to the Redevelopment Agency, the City Council may declare itself to be said Agency, in which case all the rights, powers, duties, privileges, and immunities of the Redevelopment Agency shall be vested in the City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAND CITY DOES HEREBY ORDAIN AS FOLLOWS:

Section 1.0 It is hereby found, determined, and declared that there is a need for a Redevelopment Agency to function in the City of Sand City in accordance with the provisions of the Community Redevelopment Law.

Section 2.0 Said Redevelopment Agency is hereby established pursuant to Section 33101 of the Community Redevelopment Law to be known as the Sand City Redevelopment Agency. Said Redevelopment Agency is hereby authorized to transact business and exercise its power under provisions of the Community Redevelopment Law.

Section 3.0 Pursuant to the provisions of Section 33200 of the Community Redevelopment Law, the City Council hereby declares itself to be the Redevelopment Agency of the City of Sand City.

Section 4.0 The City Council hereby finds and determines that the designation of the City Council as the Redevelopment Agency will serve the public interest and promote the public health, safety, and welfare in an effective manner in that this public body is best able to serve the needs of the community to implement the purposes of the Community Redevelopment Law.

Section 5.0 The City Clerk is hereby directed to cause a certified copy of this Ordinance to be filed in the office of the Secretary of State.

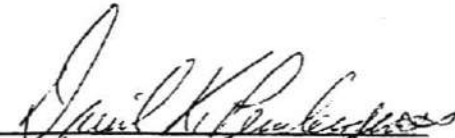
Section 6.0 This Ordinance shall become effective thirty (30) days after its final passage and adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF SAND CITY,
this October 16, 1986 by the following vote:

AYES: Councilmember: RITTER, LEWIS, MORRIS, QUISENBERRY, PENDERGRASS

NOES: Councilmember: NONE

ABSENT: Councilmember: NONE


Mayor, City of Sand City

ATTEST: Mary Ann Weems
City Clerk

CERTIFICATE OF ORDINANCE

I, the undersigned, hereby certify that the foregoing Ordinance is a full, true and correct copy of Ordinance No. 86-12 of the City of Sand City, entitled as shown thereon: It was posted in three public places in the City of Sand City on October 17, 1986.

DATED: October 17, 1986

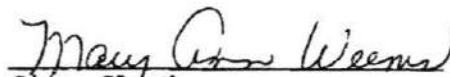

City Clerk

EXHIBIT "C"

CITY OF SAND CITY

RESOLUTION NO. SC-5 (1987)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND CITY APPROVING AND AUTHORIZING A COOPERATIVE AGREEMENT TO BE EXECUTED BY AND BETWEEN THE CITY OF SAND CITY AND THE SAND CITY REDEVELOPMENT AGENCY PURSUANT TO SECTION 33220 OF THE CALIFORNIA HEALTH AND SAFETY CODE

WHEREAS, the City of Sand City created the Sand City Redevelopment Agency on October 16, 1986, by Ordinance No. 86-12 for purposes of pursuing redevelopment activities in the community; and

WHEREAS, the City Council of the City of Sand City has designated Redevelopment Survey Area #1 and has directed the Redevelopment Agency to formulate a Redevelopment Project Area and Plan; and

WHEREAS, in the course of fulfilling the requirements to effectuate a redevelopment plan and conducting redevelopment activities certain relationships must be outlined between the City of Sand City and the Sand City Redevelopment Agency; and

WHEREAS, pursuant to Section 33220 of the California Health and Safety Code, the Sand City Redevelopment Agency may enter into Agreements with the Sand City City Council for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects and may, pursuant to Sections 33600 and 33601, accept financial or other assistance to carry out the purpose of the Redevelopment Agency.

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE CITY COUNCIL OF THE CITY OF SAND CITY AS FOLLOWS:

Section 1. An Agreement hereinafter referred to as "Cooperative Agreement" is hereby approved as set forth in Attachment "A" and shall create and establish the working relationship by and between the City Council of the City of Sand City and the Sand City Redevelopment Agency.

Section 2. The Mayor is hereby authorized and directed to enter into this Cooperative Agreement with the Sand City Redevelopment Agency on behalf of the City of Sand City as outlined.

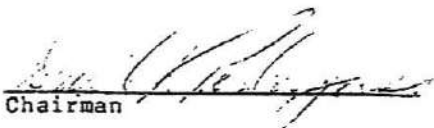
Section 4. The Secretary of the Redevelopment Agency is directed to transmit to the County of Monterey, affected taxing agencies, and to the State Board of Equalization the documentation as is required pursuant to Section 33327 of the California Health and Safety Code.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THIS 20th day of January, 1987 by the following vote:

AYES : LEWIS, MORRIS, RITTER, HARPER, PENDERGRASS

NOES : NONE

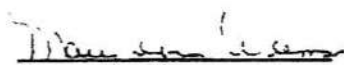
ABSENT: NONE


Chairman

ATTEST: 
Secretary

I am the Secretary of the Redevelopment Agency of the City of Sand City and hereby certify that the within document is a true and correct copy of documents on file with the City.

Dated 1-21-87


Mary Ann Weems
Secretary

ATTACHMENT A

COOPERATIVE AGREEMENT

Between the City Council of the City of Sand City
and the
Sand City Redevelopment Agency

THIS AGREEMENT is entered into this 20 day of January, 1987 by and between the CITY OF SAND CITY, hereinafter referred to as "CITY" and the SAND CITY REDEVELOPMENT AGENCY, hereinafter referred to as "AGENCY."

R E C I T A L S

1. Creation: Pursuant to the California Community Redevelopment Law (California Health and Safety Code, Section 33000 et. seq.) the Sand City City Council, on October 16, 1986, did declare that there was a need for a Redevelopment Agency to function in the City.
2. Separate Agency: The Agency is a public body, corporate and politic exercising governmental functions and is performing a public function of the city, but as such it is, and shall remain, a public body separate from the City.
3. Appointment of Agency Members: The City Council by said Ordinance No. 86-12 declared itself to be the Agency and such Council Members are serving as Agency Members.
4. Executive Director of Agency: The Agency has appointed an Executive Director of the Agency. As a portion of her duties and functions, she shall have ultimate day-to-day administrative responsibility to carry out Agency programs and affairs.
5. Agency Officers, Employees, Agents, Consultants, and Contractors: The Officers of the Agency shall be City officials as established in the Bylaws of the Agency. The Executive Director, with the approval of the Agency Members, may select, appoint, employ, and contract for such permanent and temporary consultants, contractors, agents, and employees as it requires and determine their qualifications, duties, benefits, and compensation subject to the other provisions of the Agreement and the law.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

6. Services to be Provided:

a. The City, its officers, and employees shall perform services for the Agency in carrying out its work of redevelopment. The Agency shall also have access to the facilities of the departments and offices of the City.

b. Those City officers and employees who are also appointed to positions or offices with or related to the Agency shall perform services for the Agency in a dual capacity. The Executive Director shall perform services in her capacity as a City employee and also as Executive Director of the Agency.

c. The City Manager/Executive Director, and other appropriate City officials and the Agency shall determine and establish the procedures to be followed in the request for, and the rendering of, such services.

7. Compensation by the Agency for Services Rendered or Loans:

a. The Agency shall reimburse the City for all costs incurred by City officers and employees in rendering services to the Agency commencing October 16, 1986. The Agency shall reimburse the City for all personnel services performed on an hourly basis at rates, including overhead established by the City Manager, plus interest thereon at the average annual rate which the City earns on its invested reserves, but not to exceed a rate of 12% per annum.

b. A City officer or employee shall be paid extra compensation for any work performed for the Agency if such compensation is expressly authorized and provided for by the Agency.

c. The Agency shall pay the same rate of interest on any loans made by the City to the Agency as calculated in 7(a) above.

8. Accounting of Responsible Payments to the City by the Agency: The City shall, on the last day of June and on the last day of December, provide the Agency with an audit of any and all outstanding City loans and/or advances as well as any and all City incurred expenses and costs to date deemed reimbursable by the Agency.

9. Method of Payment:

a. Costs under this agreement shall commence on the date that the services were or are begun, and shall accrue on the basis established by the City Manager for the services being performed. The Agency, however, shall not be responsible for the payment of accrued costs for services until funds are available to the Agency for this purpose.

b. Agency revenues may come from many sources, many of which may be available to the Agency only for limited and special purposes. It is expected that any funds which may become available to the Agency for the reimbursement of costs for services rendered by the City will be used to pay the accrued costs. The Agency shall reimburse the City for such costs only if funds become available.

Once funds become available from which the Agency may pay costs for services, then all costs theretofore accrued shall be paid in a time and manner consistent with the needs of the Agency.

10. City Aid and Assistance: The City will aid and cooperate in the planning, undertaking, construction, or operation of a redevelopment project within the City and will enter into appropriate agreements as necessary and desirable to effectuate the redevelopment program.

11. Fund Advance Agreements: The City may advance funds to the Agency and the Agency may advance funds to the City to effectuate the redevelopment program. Any and all fund advances and/or loans by the City to the Agency, or by the Agency to the City, shall be formalized by the approval and adoption of a Fund Advance Agreement by both the Agency and the City. The Fund Advance Agreement shall contain terms and conditions agreed upon by the Agency and the City, as appropriate to indicate the purpose of the advance and/or loan, and repayment requirements, if necessary, to effectuate the redevelopment program.

12. Administrative Fund: The City will establish an Agency General Fund with money appropriated by the City Council to the Agency as a loan to be repaid upon such terms and conditions as any agreement between the Agency and City Council may provide.

13. Agency Offices: The principal office of the Agency shall be located in the City Hall of the City of Sand City. The City agrees to provide to the Agency necessary and ample space for business offices and meeting rooms of the Agency. Said space shall also include use of the City Council Chambers or other space for meetings of the Agency. Rental payments for such purposes shall be paid, if required, by the City of Sand City according to rates set by the City Manager from time to time as separate space is needed by the Agency and included in the calculation for "overhead" as set forth in 7(a) hereof. Said space shall be used in accordance with the rules and regulations of the City as applicable to other buildings and offices of the City.

14. Agency Bylaws and Regulations: The Agency shall adopt and thereafter be bounded by Bylaws and other regulations to carry into effect the powers purposes, and functions of the Agency and to establish the policies of the Agency Members for the guidance of the City Manager and Agency Executive Director.

The Agency shall supply such information and reports to the City and Agency as may be required.

15. Severability: If any portion or Section of this Agreement is declared to be unconstitutional or violative of the California Community Redevelopment Law, then only that section or portion shall be stricken as agreed upon by both parties. Such determination of unconstitutionality or infeasibility shall not affect the remainder of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this document as of the date first above written.

CITY OF SAND CITY

By: *David K. Robinson*
Mayor

ATTEST:

By: *Mary Ann Wilson*
City Clerk

By: *James C. Hays*
City Attorney

SAND CITY REDEVELOPMENT AGENCY

By: *David K. Robinson*
Chairman

ATTEST:

By: *Mary Ann Wilson*
Secretary

By: *James C. Hays*
Redevelopment General Counsel

SAND CITY REDEVELOPMENT AGENCY

RESOLUTION NO. RA-5 (1987)

A RESOLUTION OF THE SAND CITY REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING A COOPERATIVE AGREEMENT TO BE EXECUTED BY AND BETWEEN THE SAND CITY REDEVELOPMENT AGENCY AND THE CITY OF SAND CITY PURSUANT TO SECTION 33220 OF THE CALIFORNIA HEALTH AND SAFETY CODE

WHEREAS, the City of Sand City created the Sand City Redevelopment Agency on October 16, 1986, by Ordinance No.86-12 for purposes of pursuing redevelopment activities in the community; and

WHEREAS, the City Council of the City of Sand City has designated redevelopment Survey Area #1 and has directed the Redevelopment Agency to formulate one or more Redevelopment Project Areas and Plans; and

WHEREAS, in the course of fulfilling the requirements to effectuate a redevelopment plan and conducting redevelopment activities certain relationships must be outlined between the City of Sand City and the Redevelopment Agency to formulate one or more Redevelopment Project Areas and Plans; and

WHEREAS, pursuant to Section 33220 of the California Health and Safety Code, the Sand City Redevelopment Agency may enter into Agreements with the Sand City City Council for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects and may, pursuant to Sections 33600 and 33601, accept financial or other assistance to carry out the purpose of the Redevelopment Agency.

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE SAND CITY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. An Agreement hereinafter referred to as "Cooperative Agreement" is hereby approved as set forth in Attachment "A" and shall create and establish the working relationship by and between the Sand City Redevelopment Agency and the City Council of the City of Sand City.

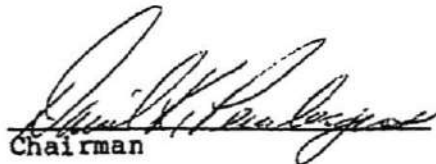
Section 2. The Chairman is hereby authorized and directed to enter into this Cooperative Agreement with the City of Sand City on behalf of the Sand City Redevelopment Agency as outlined.

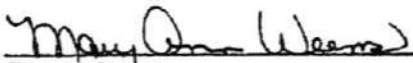
PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THIS 20th day of January, 1987 by the following vote:

AYES : Agency Members: LEWIS, MORRIS, RITTER, HARPER, PENDERGRASS

NOES : Agency Members: NONE


ABSENT: Agency Members: NONE


Chairman

ATTEST: 
Secretary

I am the Secretary of the Redevelopment Agency of the City of Sand City and hereby certify that the within document is a true and correct copy of documents on file with the City.

Dated: 1-21-87


Mary Ann Weems
Secretary

ATTACHMENT A

COOPERATIVE AGREEMENT

Between the City Council of the City of Sand City
and the
Sand City Redevelopment Agency

THIS AGREEMENT is entered into this 20 day of January, 1987 by and between the CITY OF SAND CITY, hereinafter referred to as "CITY" and the SAND CITY REDEVELOPMENT AGENCY, hereinafter referred to as "AGENCY."

R E C I T A L S

1. Creation: Pursuant to the California Community Redevelopment Law (California Health and Safety Code, Section 33000 et. seq.) the Sand City City Council, on October 16, 1986, did declare that there was a need for a Redevelopment Agency to function in the City.

2. Separate Agency: The Agency is a public body, corporate and politic exercising governmental functions and is performing a public function of the city, but as such it is, and shall remain, a public body separate from the City.

3. Appointment of Agency Members: The City Council by said Ordinance No. 86-12 declared itself to be the Agency and such Council Members are serving as Agency Members.

4. Executive Director of Agency: The Agency has appointed an Executive Director of the Agency. As a portion of her duties and functions, she shall have ultimate day-to-day administrative responsibility to carry out Agency programs and affairs.

5. Agency Officers, Employees, Agents, Consultants, and Contractors: The Officers of the Agency shall be City officials as established in the Bylaws of the Agency. The Executive Director, with the approval of the Agency Members, may select, appoint, employ, and contract for such permanent and temporary consultants, contractors, agents, and employees as it requires and determine their qualifications, duties, benefits, and compensation subject to the other provisions of the Agreement and the law.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

6. Services to be Provided:

a. The City, its officers, and employees shall perform services for the Agency in carrying out its work of redevelopment. The Agency shall also have access to the facilities of the departments and offices of the City.

b. Those City officers and employees who are also appointed to positions or offices with or related to the Agency shall perform services for the Agency in a dual capacity. The Executive Director shall perform services in her capacity as a City employee and also as Executive Director of the Agency.

c. The City Manager/Executive Director, and other appropriate City officials and the Agency shall determine and establish the procedures to be followed in the request for, and the rendering of, such services.

7. Compensation by the Agency for Services Rendered or Loans:

a. The Agency shall reimburse the City for all costs incurred by City officers and employees in rendering services to the Agency commencing October 16, 1986. The Agency shall reimburse the City for all personnel services performed on an hourly basis at rates, including overhead established by the City Manager, plus interest thereon at the average annual rate which the City earns on its invested reserves, but not to exceed a rate of 12% per annum.

b. A City officer or employee shall be paid extra compensation for any work performed for the Agency if such compensation is expressly authorized and provided for by the Agency.

c. The Agency shall pay the same rate of interest on any loans made by the City to the Agency as calculated in 7(a) above.

8. Accounting of Responsible Payments to the City by the Agency: The City shall, on the last day of June and on the last day of December, provide the Agency with an audit of any and all outstanding City loans and/or advances as well as any and all City incurred expenses and costs to date deemed reimbursable by the Agency.

9. Method of Payment:

a. Costs under this agreement shall commence on the date that the services were or are begun, and shall accrue on the basis established by the City Manager for the services being performed. The Agency, however, shall not be responsible for the payment of accrued costs for services until funds are available to the Agency for this purpose.

b. Agency revenues may come from many sources, many of which may be available to the Agency only for limited and special purposes. It is expected that any funds which may become available to the Agency for the reimbursement of costs for services rendered by the City will be used to pay the accrued costs. The Agency shall reimburse the City for such costs only if funds become available.

Once funds become available from which the Agency may pay costs for services, then all costs theretofore accrued shall be paid in a time and manner consistent with the needs of the Agency.

10. City Aid and Assistance: The City will aid and cooperate in the planning, undertaking, construction, or operation of a redevelopment project within the City and will enter into appropriate agreements as necessary and desirable to effectuate the redevelopment program.

11. Fund Advance Agreements: The City may advance funds to the Agency and the Agency may advance funds to the City to effectuate the redevelopment program. Any and all fund advances and/or loans by the City to the Agency, or by the Agency to the City, shall be formalized by the approval and adoption of a Fund Advance Agreement by both the Agency and the City. The Fund Advance Agreement shall contain terms and conditions agreed upon by the Agency and the City, as appropriate to indicate the purpose of the advance and/or loan, and repayment requirements, if necessary, to effectuate the redevelopment program.

12. Administrative Fund: The City will establish an Agency General Fund with money appropriated by the City Council to the Agency as a loan to be repaid upon such terms and conditions as any agreement between the Agency and City Council may provide.

13. Agency Offices: The principal office of the Agency shall be located in the City Hall of the City of Sand City. The City agrees to provide to the Agency necessary and ample space for business offices and meeting rooms of the Agency. Said space shall also include use of the City Council Chambers or other space for meetings of the Agency. Rental payments for such purposes shall be paid, if required, by the City of Sand City according to rates set by the City Manager from time to time as separate space is needed by the Agency and included in the calculation for "overhead" as set forth in 7(a) hereof. Said space shall be used in accordance with the rules and regulations of the City as applicable to other buildings and offices of the City.

14. Agency Bylaws and Regulations: The Agency shall adopt and thereafter be bounded by Bylaws and other regulations to carry into effect the powers purposes, and functions of the Agency and to establish the policies of the Agency Members for the guidance of the City Manager and Agency Executive Director.

The Agency shall supply such information and reports to the City and Agency as may be required.

15. Severability: If any portion or Section of this Agreement is declared to be unconstitutional or violative of the California Community Redevelopment Law, then only that section or portion shall be stricken as agreed upon by both parties. Such determination of unconstitutionality or infeasibility shall not affect the remainder of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this document as of the date first above written.

CITY OF SAND CITY

By: David K. Longenecker
Mayor

ATTEST:

By: Mary Ann Weems
City Clerk

By: James G. Hays
City Attorney

SAND CITY REDEVELOPMENT AGENCY

By: David K. Longenecker
Chairman

ATTEST:

By: Mary Ann Weems
Secretary

By: James G. Hays
Redevelopment General Counsel

EXHIBIT "D"

AGREEMENT BETWEEN THE CITY OF SAND CITY AND THE SAND
CITY REDEVELOPMENT AGENCY CONCERNING CERTAIN
SALES AND USE TAXES

WHEREAS, the Sand City Redevelopment Agency in cooperation with the City of Sand City has entered into certain agreements with the City of Seaside and Costco Wholesale Inc, which require certain financial contributions be made to said parties, and

WHEREAS, said contributions are based on formula's keyed to the amount of sales and use tax generated from private development occurring in the Sand City Redevelopment Area, and

WHEREAS, The City Council and the Redevelopment Agency have passed Ordinances to allow passage of the Sales and Use Taxes to the Redevelopment Agency for the purpose of paying said Agency contributions, and

WHEREAS, the City and the Agency have agreed that it is the responsibility of the Agency to administer the procedures and accounting of repaying said debts, and

WHEREAS, the City is supportive of financially assisting the Agency by making available City sales and use taxes on a as needed basis, and

WHEREAS, the City intends that the Agency shall repay any and all portion of the City owned Sales and Use Taxes from future tax increment generated from the Redevelopment Project Area.

NOW THEREFORE BY IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THAT.


1. The Agency approves the Agreement attached as Exhibit "A" and authorizes the Chairman to sign said agreement.
2. The Agency shall prepare and maintain all necessary books of accounts to keep clear, concise and accurate records of the use of City sales and use taxes.
3. The Agency shall prepare an annual audited statement for review and approval of the City Council.
4. The Agency shall return any unused portions of said sales and use taxes back to the City on a periodic basis as determined by the Council as necessary to continue normal city operations.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THIS 18th DAY OF July 1989 BY THE FOLLOWING VOTE:


AYES: Ritter, Francini and Mayor Pendergrass

NOES: None

ABSENT: None



David K. Pendergrass, Chairman

ATTEST: 

Secretary

I certify, under oath, that the above is a true and correct copy of documents on file in the office of the Redevelopment Agency in City Hall.

Secretary

Date

AGREEMENT BETWEEN THE CITY OF SAND CITY
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY
CONCERNING CERTAIN SALES AND USE TAXES

EXHIBIT "A" TO RESOLUTION NO. RA-101989

This Agreement is made as of this 18th day of July 1989, by and between the City of Sand City, a municipal corporation (the "City") and the Redevelopment Agency of the City of Sand City, a public body, corporate and politic, (the "Agency").

RECITALS

A. Pursuant to Revenue and Taxation Code Section 7202.6, the Agency has enacted ^{Resolution} Ordinance No. (RA) 1, 1989 and the City has enacted ~~Ordinance No. (SC) 89-3~~ ^{Resolution SC 89-42} 1989 imposing a sales and use tax upon retail sales within the Sand City Redevelopment Project Area ("the Project Area").

B. The purposes of the above two Ordinances are to transfer from the City to the Agency a portion of the sales and use tax collected within a portion of the Project Area as further described in the Ordinances (the "Transferred Sales and Use Taxes").

C. On May 18, 1989 the Agency and City entered into an agreement with the City of Seaside (the "Seaside Agreement") whereby the Agency agreed to pay to the City of Seaside a portion of the sales and use tax collected from the portion of the Project Area. The Payments to the City of Seaside are to compensate the City of Seaside for impacts it will suffer due to development within portions of the project area in accordance with the Sand City Redevelopment Plan. Pursuant to the terms of the agreement with the City of Seaside, the Agency will pay to the City of Seaside a portion of the transferred Sales and Use Tax.

D. The Redevelopment Agency, on May 31, 1989 adopted Resolution No. (RA) 6, authorizing the entering of an Owner Participation Agreement with Costco Wholesale Inc. Said Agreement requires certain financial reimbursements to Costco Wholesale Inc. for the purpose of writing down land costs. The reimbursements are calculated on a sales and use tax formula, until the time when the Agency's tax increment is adequate to make the reimbursement payments.

E. The parties to this Agreement now desire to enter into this Agreement whereby the Agency shall transfer to the City all of the Transferred Sales and Use Tax not required to be paid to the City of Seaside by the Agency.

NOW THEREFORE, the parties agree as follows:

SECTION 1. Pledge of Transferred Sales and Use Taxes

Pursuant to Revenue and Taxation Code Section 7202.8 and Health and Safety Code Section 33641, the transferred Sales and Use Taxes are pledged to the payment due under the Seaside Agreement and as pledged in the Costco Wholesale Inc. Owner Participation Agreement. Such pledges shall constitute the obligation of contract between the Agency and the City of Seaside and the Agency and Costco Wholesale Inc. and shall be protected from impairment by the United States and California Constitutions. Pursuant to the provisions of Revenue and Taxation Code Section 7202.8, Ordinance No. (RA) 1, 1989 of the Agency and Section 13.16.140 of the Sand City Municipal Code may not be repealed during the time that any of the payments due under the Seaside Agreement or the Owner Participation Agreement remains outstanding.

SECTION 2. Use of transferred Sales and Use Taxes

The Transferred Sales and Use Taxes shall only be used to the extent necessary to pay any amounts due pursuant to the Seaside Agreement and the Costco Wholesale Inc. Owner Participation Agreement, and to pay any amounts due to the State Board of Equalization for administration of the sales and use tax pursuant to Revenue and Taxation Code Section 7204.3.

SECTION 3. Payment to City.

A. In consideration for the City's agreement to allow sales and use tax revenues to be transferred to the Agency in order to pay the amounts due under the above agreements, the Agency agrees to pay to the City the amount of Transferred Sales and Use Taxes not required to be paid by the Agency to Seaside or Costco Wholesale Inc. pursuant to the Seaside Agreement and/or the Costco Wholesale Inc. Owner Participation Agreement.

B. Any use by the Agency of the City's sales and use tax revenue are, to the extent allowed by law, to be considered a loan from the City to the Agency and eligible for repayment from future tax increment generated from the Rede-

velopment Project Area. Said loan is subordinate to the REDIP Loan Agreement between the Agency and the State of California Department of Commerce. The City may charge the Agency interest up to the amount legally authorized by law.

E. The Agency shall file with the City an annual report on the status of the use of the sales and use taxes, included in such report will be an independent audit of the use of the funds.

F. This Agreement to be effective upon adoption of the City's Ordinance and the Agency's Ordinance.

IN WITNESS WHEREOF, the City and Agency have caused this Agreement to be executed on this 18th day of July, 1989.

ATTEST:

City Clerk

CITY OF SAND CITY

BY:
David K. Pendergrass, Mayor

REDEVELOPMENT AGENCY OF THE CITY
OF SAND CITY

BY:
Chairman, Redevelopment
Agency of the City of
Sand City

EXHIBIT "E"

SAND CITY

RESOLUTION RA 96-10, 1996

RESOLUTION OF THE REDEVELOPMENT AGENCY OF SAND CITY
AUTHORIZING ACCEPTANCE OF LOANS FROM THE CITY OF SAND CITY
TO COVER THE SAND CITY REDEVELOPMENT AGENCY'S SHARE OF ANNUAL
ADMINISTRATIVE/OPERATING COSTS AND PLEDGING TO REPAY THESE
LOANS TO THE CITY OUT OF FUTURE INCREMENT TAXES

WHEREAS, the City of Sand City ("City") and the Sand City Redevelopment Agency ("Redevelopment Agency") are sister agencies serving the interests of the citizens, businesses and property owners of Sand City; and

WHEREAS, the Redevelopment Agency was created to help achieve the planning and development goals of the City and to assist in the redevelopment of blighted or underdeveloped areas of the City; and

WHEREAS, State regulations and prudent business practices require the preparation of annual budgets for both the City and the Redevelopment Agency; and

WHEREAS, the City and Redevelopment Agency share many common resources (staffing, facilities, equipment, etc.) which can be jointly funded by both agencies; and

WHEREAS, the Redevelopment Agency's reasonable share of the combined annual budgets for several of the City departments and certain operating costs should range from 20% to 50% of the combined budgets; and

WHEREAS, the Redevelopment Agency has only one primary funding source (property increment taxes from redevelopment projects) and most of this funding is allocated to repaying debts incurred in creating the redevelopment projects; and

WHEREAS, with Resolution No. RA 10 - 1989, the Redevelopment Agency approved a sales and use tax agreement between the City and the Redevelopment Agency in which the City allowed passage of the City's sales and use taxes to the Redevelopment Agency for the purpose of paying certain Agency contributions to the City of Seaside and Costco Wholesale, Inc.; and

WHEREAS, under the above agreement, the Agency was to repay any and all portion of the City's sales and use taxes from future tax increment generated from the redevelopment project area and the Agency was to return any unused portion of said sales and use taxes back to the City on a periodic basis as determined by the Council as necessary to continue normal City operations; and

Resolution No. RA 96-10 (1996)

WHEREAS, with the above financial limitations, the Redevelopment Agency does not have adequate funding sources at this time to pay its reasonable prorated share of the combined annual costs of the joint City/ Redevelopment Agency operations; and

WHEREAS, the Redevelopment Agency is willing to accept advance loans from the City to cover the Agency's prorated share of the combined annual operating costs as specified below; and

WHEREAS, Article 2 of the Community Redevelopment Law (Cal. Health and Safety Code Sec. 33610 et seq.) contains certain rules governing "loans" or "grants" from the City to the Agency for the Agency's administrative/operating expenses, such as --

- Sec. 33610 authorizes the City Council to "appropriate" funds to the Redevelopment Agency in amounts deemed necessary by the Council for administrative expenses and overhead of the Agency which may include, but is not limited to, expenses of redevelopment planning and dissemination of redevelopment information, in addition to the usual interpretation of the term, "administrative expense."
- The appropriation may be in the form of a grant or a loan to the Redevelopment Agency.
- Sec. 33611, the "appropriation" process begins with the Redevelopment Agency's submission of a budget for its annual administrative expenses to the Council.
- Sec. 33612, the City Council in turn adopts the Redevelopment Agency's administrative expense budget and sets the conditions under which the City will "appropriate" funds to the Redevelopment Agency for the Agency's administrative expenses.

NOW, THEREFORE, BE IT RESOLVED by the Sand City Redevelopment Agency as follows:

1. The Redevelopment Agency agrees to accept the "appropriated" funds from the City as deemed necessary for the Agency's annual operating/administrative expenses and overhead as allowed by the above Sections of Article 2 of the Community Redevelopment Law under the following conditions:
 - A. The Agency shall prepare and submit for approval by the City an annual budget for its annual administrative/operating revenues and expenditures which will be combined with the City's Annual Budget.

Resolution No. RA 96-10 (1996)

- B. The necessary administrative funds as approved in the annual Combined Budget will be "appropriated" to the Redevelopment Agency by resolution of the City Council.
 - C. It is agreed that these "appropriated" funds for the Redevelopment Agency's annual administrative expenses shall be in the form of a loan from the City, and the Redevelopment Agency shall repay these annual loans from future tax increments generated from the redevelopment project area.
 - D. These annual loans for administrative expenses shall earn a nominal interest rate of 7% per annum compounded yearly from the date that the funds are appropriated.
2. As specified in Sec. 33613 of the Community Redevelopment Law, the Redevelopment Agency agrees that the administrative funds appropriated to the Agency will be kept in the City's treasury in a special fund to be known as the "Community Redevelopment Agency Administrative Fund" from which funds can be drawn for the Agency's share of operating costs in substantially the same manner as with other City departments subject to budgetary control.
3. As stated in Sec. 33615, the Redevelopment Agency agrees to make a detailed report of all its transactions, including a statement of all revenues and expenditures to the City Council at least annually, or in shorter intervals if the Council prescribes.

PASSED AND ADOPTED by the Sand City Redevelopment Agency this 26th day of June, 1996 by the following vote:

AYES: Agency members Kline, Morris, Hansen, Lewis, Pendergrass

NOES: None

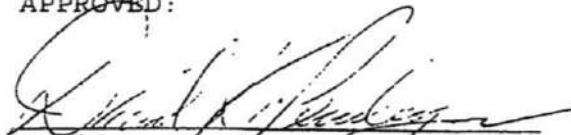
ABSENT: None

ATTEST:



Kelly Morgan, City Clerk

APPROVED:



David K. Pendergrass, Chairman

AGREEMENT BETWEEN THE CITY OF SAND CITY AND THE SAND
CITY REDEVELOPMENT AGENCY CONCERNING CERTAIN
SALES AND USE TAXES

WHEREAS, the Sand City Redevelopment Agency in cooperation with the City of Sand City has entered into certain agreements with the City of Seaside and Costco Wholesale Inc, which require certain financial contributions be made to said parties, and

WHEREAS, said contributions are based on formula's keyed to the amount of sales and use tax generated from private development occurring in the Sand City Redevelopment Area, and

WHEREAS, The City Council and the Redevelopment Agency have passed Ordinances to allow passage of the Sales and Use Taxes to the Redevelopment Agency for the purpose of paying said Agency contributions, and

WHEREAS, the City and the Agency have agreed that it is the responsibility of the Agency to administer the procedures and accounting of repaying said debts, and

WHEREAS, the City is supportive of financially assisting the Agency by making available City sales and use taxes on a as needed basis, and

WHEREAS, the City intends that the Agency shall repay any and all portion of the City owned Sales and Use Taxes from future tax increment generated from the Redevelopment Project Area.

NOW THEREFORE BY IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THAT.

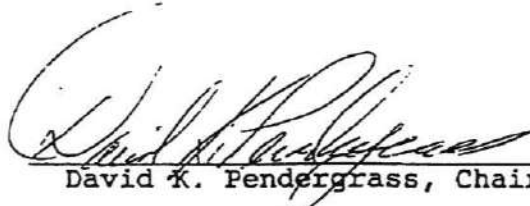
1. The Agency approves the Agreement attached as Exhibit "A" and authorizes the Chairman to sign said agreement.
2. The Agency shall prepare and maintain all necessary books of accounts to keep clear, concise and accurate records of the use of City sales and use taxes.
3. The Agency shall prepare an annual audited statement for review and approval of the City Council.
4. The Agency shall return any unused portions of said sales and use taxes back to the City on a periodic basis as determined by the Council as necessary to continue normal city operations.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY THIS 18th DAY OF July 1989 BY THE FOLLOWING VOTE:

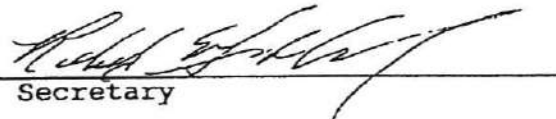
AYES: Ritter, Francini and Mayor Pendergrass

NOES: None

ABSENT: None



David K. Pendergrass, Chairman

ATTEST: 

Secretary

I certify, under oath, that the above is a true and correct copy of documents on file in the office of the Redevelopment Agency in City Hall.

Secretary

Date

AGREEMENT BETWEEN THE CITY OF SAND CITY
AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAND CITY
CONCERNING CERTAIN SALES AND USE TAXES

EXHIBIT "A" TO RESOLUTION NO. RA-101989

This Agreement is made as of this 18th day of July 1989, by and between the City of Sand City, a municipal corporation (the "City") and the Redevelopment Agency of the City of Sand City, a public body, corporate and politic, (the "Agency").

RECITALS

A. Pursuant to Revenue and Taxation Code Section 7202.6, the Agency has enacted Ordinance No. (RA) 1, 1989 and the City has enacted Ordinance No. (SC) 89-3, 1989 imposing a sales and use tax upon retail sales within the Sand City Redevelopment Project Area ("the Project Area").

B. The purposes of the above two Ordinances are to transfer from the City to the Agency a portion of the sales and use tax collected within a portion of the Project Area as further described in the Ordinances (the "Transferred Sales and Use Taxes").

C. On May 18, 1989 the Agency and City entered into an agreement with the City of Seaside (the "Seaside Agreement") whereby the Agency agreed to pay to the City of Seaside a portion of the sales and use tax collected from the portion of the Project Area. The Payments to the City of Seaside are to compensate the City of Seaside for impacts it will suffer due to development within portions of the project area in accordance with the Sand City Redevelopment Plan. Pursuant to the terms of the agreement with the City of Seaside, the Agency will pay to the City of Seaside a portion of the transferred Sales and Use Tax.

D. The Redevelopment Agency, on May 31, 1989 adopted Resolution No. (RA) 6, authorizing the entering of an Owner Participation Agreement with Costco Wholesale Inc. Said Agreement requires certain financial reimbursements to Costco Wholesale Inc. for the purpose of writing down land costs. The reimbursements are calculated on a sales and use tax formula, until the time when the Agency's tax increment is adequate to make the reimbursement payments.

E. The parties to this Agreement now desire to enter into this Agreement whereby the Agency shall transfer to the City all of the Transferred Sales and Use Tax not required to be paid to the City of Seaside by the Agency.

NOW THEREFORE, the parties agree as follows:

SECTION 1. Pledge of Transferred Sales and Use Taxes

Pursuant to Revenue and Taxation Code Section 7202.8 and Health and Safety Code Section 33641, the transferred Sales and Use Taxes are pledged to the payment due under the Seaside Agreement and as pledged in the Costco Wholesale Inc. Owner Participation Agreement. Such pledges shall constitute the obligation of contract between the Agency and the City of Seaside and the Agency and Costco Wholesale Inc. and shall be protected from impairment by the United States and California Constitutions. Pursuant to the provisions of Revenue and Taxation Code Section 7202.8, Ordinance No. (RA) 1, 1989 of the Agency and Section 13.16.140 of the Sand City Municipal Code may not be repealed during the time that any of the payments due under the Seaside Agreement or the Owner Participation Agreement remains outstanding.

SECTION 2. Use of transferred Sales and Use Taxes

The Transferred Sales and Use Taxes shall only be used to the extent necessary to pay any amounts due pursuant to the Seaside Agreement and the Costco Wholesale Inc. Owner Participation Agreement, and to pay any amounts due to the State Board of Equalization for administration of the sales and use tax pursuant to Revenue and Taxation Code Section 7204.3.

SECTION 3. Payment to City.

A. In consideration for the City's agreement to allow sales and use tax revenues to be transferred to the Agency in order to pay the amounts due under the above agreements, the Agency agrees to pay to the City the amount of Transferred Sales and Use Taxes not required to be paid by the Agency to Seaside or Costco Wholesale Inc. pursuant to the Seaside Agreement and/or the Costco Wholesale Inc. Owner Participation Agreement.

B. Any use by the Agency of the City's sales and use tax revenue are, to the extent allowed by law, to be considered a loan from the City to the Agency and eligible for repayment from future tax increment generated from the Rede-

velopment Project Area. Said loan is subordinate to the REDIP Loan Agreement between the Agency and the State of California Department of Commerce. The City may charge the Agency interest up to the amount legally authorized by law.

E. The Agency shall file with the City an annual report on the status of the use of the sales and use taxes, included in such report will be an independent audit of the use of the funds.

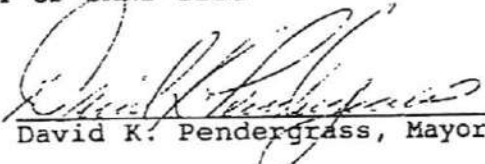
F. This Agreement to be effective upon adoption of the City's Ordinance and the Agency's Ordinance.

IN WITNESS WHEREOF, the City and Agency have caused this Agreement to be executed on this 18th day of July, 1989.

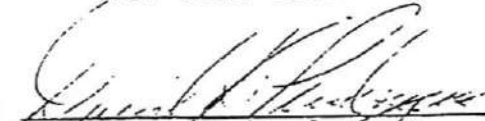
ATTEST:


City Clerk

CITY OF SAND CITY

BY: 
David K. Pendergrass, Mayor

REDEVELOPMENT AGENCY OF THE CITY
OF SAND CITY

BY: 
Chairman, Redevelopment
Agency of the City of
Sand City