



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda
August 26, 2013**

**3:00 p.m., Monday, August 26, 2013,
City Hall, Council Chambers, 1 Sylvan Park, Sand City, CA 93955**

AGENDA ITEMS:

1. CALL TO ORDER

2. ROLL CALL & ESTABLISHMENT OF QUOROM

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

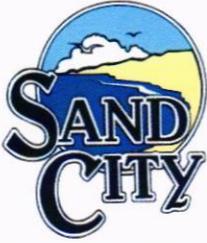
3. PLEDGE OF ALLEGIANCE

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

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

6. ACTION/ DISCUSSION ITEMS

- A. Consideration of Oversight Board RESOLUTION Approving the Oversight Board Minutes of July 22, 2013
- B. Update on Claims by the Local Educational Agencies (LEAs) regarding Pass-through Payment Obligations of the Successor Agency (SA)
- C. Update regarding State Controller's Office (SCO) Other Funds Asset Transfer Due Diligence Review Meeting with County Auditor
- D. Update on Successor Agency Budget for Oversight Board Legal Counsel Services



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Agenda for August 26, 2013**

- E. Preliminary Review of Recognized Obligations Payment Schedule for January 2014-June 2014 (ROPS 13-14B)
 - F. Update regarding *Seaside v. Sand City*-Verbal Report, and Indemnification of Oversight Board
 - G. Tour of Successor Agency Properties following adjournment of Oversight Board Meeting (as time permits)
7. REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS
8. ADJOURNMENT:

Next Scheduled Oversight Board Meeting:

Monday, September 30, 2013

3:00 P.M.

Sand City Council Chambers

1 Sylvan Park, Sand City

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

SAND CITY SUCCESSOR AGENCY OVERSIGHT BOARD

RESOLUTION OB ____, 2013

**RESOLUTION OF THE OVERSIGHT BOARD FOR THE SAND CITY SUCCESSOR
AGENCY APPROVING THE OVERSIGHT BOARD MEETING MINUTES OF
JULY 22, 2013**

WHEREAS, the Oversight Board at its regular meeting of August 26, 2013 reviewed the Oversight Board draft meeting minutes of July 22, 2013; and

WHEREAS, based on its review of said minutes, the Oversight Board finds the draft minutes to be an accurate summary of the major points and actions taken during the meeting of July 22, 2013.

NOW, THEREFORE, THE OVERSIGHT BOARD hereby finds the subject minutes to be adequate and they are hereby approved as the approved meeting minutes of July 22, 2013.

PASSED AND ADOPTED by the Sand City Successor Agency Oversight Board on this 26th, day of August, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

John McPherson, Board Chair

ATTEST:

Connie Horca, Board Secretary



**CITY OF SAND CITY SUCCESSOR AGENCY
Oversight Board Meeting Minutes
July 22, 2013**

The meeting was called to order by Chair McPherson at 2:01 P.M.

AGENDA ITEM 2, ROLL CALL & ESTABLISHMENT OF QUOROM

John McPherson, Monterey County Office of Education
Jane Parker, Monterey County Board of Supervisors
Sandra Miles, 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

AGENDA ITEM 3, PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Board Member Miles.

AGENDA ITEM 4, COMMUNICATIONS FROM THE FLOOR

2:03 P.M. Floor opened for Public Comment.

Public Member Lou Solton introduced himself to the Oversight Board. He sits on the Salinas Oversight Board, and was recently asked by the Monterey County Office of Education (MCOE) to assist them in moving things forward on behalf of the Local Taxing Agencies (LEAs) regarding financial claims against the Successor Agency.

2:04 P.M. Floor closed to Public Comment.

AGENDA ITEM 5, BOARD MEMBER COMMENTS

There were no comments from the Board.

AGENDA ITEM 6, ACTION/ DISCUSSION ITEMS

A. Consideration of Oversight Board Resolution approving the Oversight Board Minutes of June 3, 2013.

Motion to approve the Oversight Board **Resolution** approving the Oversight Board Minutes of June 3, 2013 was made by Board Member Parker, seconded by Board Member Miles. AYES: Board Members Addleman, Ma, Matarazzo, McPherson, Parker, Scholink. NOES: None. ABSENT: None. ABSTAIN: Board Member Miles. Motion carried.

B. Status Report and Update on Department of Finance Other Funds Due Diligence Review

Board Member Matarazzo reported that the Board approved a Due Diligence Review (DDR) of other funds in December, 2012. It was concluded that approximately \$6.2 million in addition to property assets being held by the Successor Agency for existing and future obligations. In February, the Department of Finance reviewed the DDR Other Funds Assets and noted that the Successor Agency should disburse \$ 2.235M to the County Auditor for distribution to the taxing entities. The Successor Agency requested a 'meet and confer' with DOF regarding the amount due to the County Auditor. On June 24, 2013, Staff met with DOF regarding several issues. DOF concurred with Staff that bond proceeds issued in 2008 should be held by the Successor Agency for public projects in Sand City. The 'meet and confer' resulted that an amount of \$804,245 was owed to the County Auditor. The check was hand delivered on Thursday. Staff is waiting for a letter from DOF stating that they have issued a 'finding of completion' that all assets have been accounted for. The 'finding of completion' would allow the Successor Agency to prepare a long term management plan, and place the loan of the former Redevelopment Agency to the City on the Recognized Obligations Payment Schedule (ROPS).

C. Update regarding Claims by the Local Educational Agencies (LEAs) regarding Pass-through Payment Obligations of the Successor Agency (SA)

Board Member Matarazzo reported that the Oversight Board was presented with a letter from the Successor Agency's outside counsel regarding the LEA's claims in regard to the interpretation of the pass-through agreements and amounts owed. The Successor Agency interprets this agreement from the time the request was made moving forward. The Successor Agency met in closed session and directed Staff to meet with the LEA's to try to settle this issue. Members of the LEA's have expressed an interest in meeting with the Successor Agency to discuss a settlement of the claim.

Chair McPherson commented that he is hopeful an agreement can be reached. In the event that no agreement is reached, the Oversight Board needs to review the matter independently apart from the LEA's and the Successor Agency to decide what the Board's position will be in the event a settlement is not finalized.

D. Update regarding State Controller's Office (SCO) Other Funds Asset Transfer Due Diligence Review Meeting with County Auditor

Board Member Matarazzo reported that at the last Oversight Board meeting, the Board suggested that members of the Successor Agency, and the

Auditor who performed the Due Diligence Review meet with the County Auditor. The meeting has not transpired due to an extended vacation taken by the Auditor. It is scheduled for July 29, 2013, and Staff should have a report by the next Oversight Board meeting.

Board Member Ma commented that a letter was written to the County Auditor over a year ago on behalf of the LEA's. No formal response has been received from the County Auditor.

E. Preliminary Review of ROPS 13-14B

Board Member Matarazzo reported that the next Recognized Obligations Payment Schedule (ROPS 13-14B) will be due on October 1, 2013. It will cover the period of January 1, 2014 through June 30, 2014. Board member Scholink has prepared some preliminary figures to include any LEA claims once a settlement has been reached.

At the request of Chair McPherson, Staff provided a brief overview of the Recognized Obligations Payment Schedule (ROPS) process for newly-appointed Board Member Miles.

F. Consideration of next Oversight Board Meeting Time and Date

The Board discussed future Oversight Board meetings. The Board meetings are re-scheduled for August 26, 2013 at 3:00 p.m., September 30, 2013 at 3:00 p.m., and November 4, 2013 at 3:00 p.m.

Motion to revise the previously approved Oversight Board meeting calendar, and to accept the new dates for future Oversight Board meetings was made by Board Member Scholink, seconded by Board Member Addleman. AYES: Board Members Addleman, Parker, Scholink, Ma, Matarazzo, McPherson, Miles. NOES: None. ABSENT: None. ABSTAIN: None. Motion carried.

G. Update regarding *Seaside v. Sand City*-Verbal Report

Board Member Matarazzo reported that the Cities are currently in settlement discussions.

In response to Board Member Parker's inquiry whether there is a progress report regarding the indemnification agreement, Chair McPherson reported that Oversight Board Counsel sent a letter to the City requesting that the Oversight Board be held harmless in the event that a judgment is ruled against Sand City regarding the Seaside lawsuit. The City was asked to provide OB Counsel with copies of all court filings, discoveries, and court responses. At a subsequent Oversight Board meeting, the Board discussed being held harmless, and to further convey that the Real Property Tax

Transfer Fund (RPPTF) not be part of the settlement.

2:26 P.M. Floor opened for Public Comment.

Successor Agency Counsel Jim Heisinger commented that if there is an indemnification, it would go to the Successor Agency. He reiterated that there is no money left in the Real Property Tax Transfer Fund (RPPTF), especially in regard to the amount claimed by the City of Seaside. He thanked the Board for clarification regarding the indemnity issue, and will bring it to the Successor Agency at their next meeting.

2:27 P.M.

Board Member Matarazzo commented that per the letter received from Successor Agency's outside counsel the Oversight Board cannot be sued.

Chair McPherson added that the Oversight Board would like to ensure that property tax revenues are not at risk, and to minimize any conflict between the Oversight Board and the Successor Agency. He requested an update either verbally or in writing to the request for indemnification of the Oversight Board.

AGENDA ITEM 7, REQUEST FROM BOARD MEMBERS FOR FUTURE AGENDA ITEMS

Chair McPherson requested that the next agenda include a budget v. forecast for legal counsel services and if any action is necessary. Board Member Ma requested that a future meeting include a tour of the properties that would be part of the long term property management plan.

AGENDA ITEM 8, ADJOURNMENT

Motion to adjourn the Oversight Board meeting was made by Board Member Parker, seconded by Board Member Ma to the next scheduled Oversight Board meeting on Monday, August 26, 2013 at 3:00 P.M. There was unanimous consensus of the Board to adjourn the meeting at 2:43 P.M.

Connie Horca, Board Secretary

**CITY OF SAND CITY SUCCESSOR AGENCY
OVERSIGHT BOARD**

DATE: August 19, 2013 (For Oversight Board Meeting of August 26, 2013)

TO: Oversight Board Members

FROM: Steve Matarazzo, Staff 

SUBJECT: Update On Claims by the Local Educational Agencies (LEAs) Regarding Pass-Through Payment Obligations of the Successor Agency (SA)

On August 9th, Successor Agency staff and outside counsel met with Local Educational Agency (LEA) representatives, including their counsel, to discuss terms for a settlement of their claims against the Sand City Successor Agency. A representative from the Monterey County Office of Education (MCOE) was not present as it has been agreed by the SA Board that money is owed to MCOE.

SA staff believes that a reasonable compromise on a settlement amount to Monterey Peninsula Unified School District (MPUSD) and the Monterey Peninsula Community College District (MPCCD) can be reached as a result of our initial settlement talks. SA staff is working with our consultants and the SA Board to determine the most appropriate payment schedule (to be approved by the Oversight Board) to the LEAs given the SA's other enforceable obligations. It appears that the settlement amount can only become an enforceable obligation on the Recognized Obligations Payment Schedule (ROPS) after it has been court-sanctioned.

At the end of the August 9th meeting, the LEA counsel stated that each agency represented (MPC and MPUSD) would have to receive further direction from their respective board's before proceeding further. Therefore, the LEAs would initiate the next round of discussions on this matter.

C: Successor Agency Board
Successor Agency Counsel

**CITY OF SAND CITY SUCCESSOR AGENCY
OVERSIGHT BOARD**

DATE: August 19, 2013 (for Oversight Board Meeting of August 26, 20130)

TO: Oversight Board Members

FROM: Steve Matarazzo, staff 

SUBJECT: Update Regarding Meeting with the County Auditor to Settle the Correct Amount of Asset Transfer Held by the Successor Agency

On August 1, 2013, the Successor Agency received its "finding of completion" (FOC) from the State Department of Finance (DOF). The FOC follows a final disposition of assets held by the Successor Agency (SA) for disbursement to affected taxing entities. The FOC followed payment to the County Auditor of \$804,000 in liquid assets held by the SA. The FOC now entitles the Successor Agency, subject to approval of the Oversight Board, to place previous loans of the City to the former redevelopment agency on a recognized obligations payment schedule (ROPS) for eventual payment of an enforceable obligation. It also triggers a six month time frame in which the SA must prepare a long-term property management plan (LTPMP) for the properties now held by the SA.

Earlier this year, the State Controller's Office (SCO) reviewed the Other Funds Due Diligence Review (OFDDR) approved by the Oversight Board in December, 2012. From their review, the SCO concluded that approximately \$34 million of assets (exclusive of housing funds) were transferred to the Successor Agency (SA) from the former Redevelopment Agency. The SCO incorrectly assumed that "assets" listed in SA ledgers as anticipated revenue to balance long-term debt were also consider assets for the purposes of the OFDDR. However, the purpose of the OFDDR was to ascertain liquid assets and other tangible assets that could be disbursed to the effected taxing entities should they not be retained to pay enforceable obligations of the SA. Future anticipated revenue through tax increment which no longer exists was merely a "paper asset" of no value. This conclusion is further verified by the recent action of the DOF, issuing the finding of completion (FOC).

On July 29, 2013, a meeting was held between the County Auditor (CA) and his representatives and Linda Scholink and Therese Courtney the SA auditor. SA representatives explained to the County Auditor the situation and the recommended action of the SCO to have an agreement between the Oversight Board and the CA approved which concludes a final value of SA assets. The CA is still working with SA staff on drafting this type of agreement.

C: Successor Agency Board

**CITY OF SAND CITY SUCCESSOR AGENCY
OVERSIGHT BOARD**

DATE: August 20, 2013 (for Oversight Board Meeting of August 26, 2013)
TO: Oversight Board Members
FROM: Steve Matarazzo, staff 
SUBJECT: Information Regarding Oversight Board Counsel Budget

Expenditures for the Oversight Board Counsel (Judd Jordan) have totaled approximately \$10,000 for the six-month period ending in July. For the first half of this fiscal year (ROPS 13-14A), the Oversight Board approved a budget of an additional \$10,000. (See attached Successor Agency Budget.)

It is anticipated that for ROPS 13-14B, an additional \$10,000 will be allocated for the Oversight Board counsel.

ATTACHMENT:

c: Judd Jordan, Lozano-Smith

OVERSIGHT BOARD TO THE SAND CITY SUCCESSOR AGENCY

RESOLUTION OB 13-05, 2013

**RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
FORMER REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET FOR THE ROPS 13-14A TIME FRAME**

WHEREAS, redevelopment dissolution law allows for administrative budgets of \$250,000 annually for smaller Successor Agencies like the Sand City Successor Agency; and

WHEREAS, Sand City Successor Agencies staff has prepared an administrative budget of \$184,670.65 for the ROPS 13-14A time frame of July, 2013 through December 2013, as required by law and subject to the final approval of the Oversight Board; and

WHEREAS, the Sand City Successor Agency approved an administrative budget at its meeting of February 20, 2013 and has forwarded said budget for final review and approval of the Oversight Board.

NOW, THEREFORE BE IT RESOLVED that the Oversight Board to the Sand City Successor Agency hereby approves the administrative budget for the ROPS 13-14A time frame, as shown on Exhibit A, attached hereto and incorporated herein by this reference.

PASSED AND ADOPTED by the Oversight Board to the Sand City Successor Agency on this 26th day of February 2013 by the following vote:

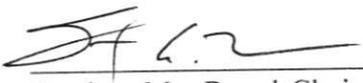
AYES: Board Members Ma, Scholink, Matarazzo, Parker, Addleman
NOES: None
ABSENT: Board Members McPherson, Lomax
ABSTAIN: None

ATTEST:

APPROVED:



Connie Horca, Board Secretary



Stephen Ma, Board Chair

Exhibit A

SUCCESSOR AGENCY
OF THE REDEVELOPMENT AGENCY
OF THE CITY OF SAND CITY
ADMINISTRATIVE BUDGET
July 1, 2013 through December 31, 2013

EMPLOYEE COSTS:

| | |
|-----------------------|--------------------|
| Salaries *** | \$51,599.47 |
| Deferred Compensation | \$450.00 |
| PERS Retirement | \$17,937.00 |
| Health | \$7,274.63 |
| Dental | \$835.25 |
| Vision | \$135.00 |
| LTD | \$502.70 |
| Life | \$182.10 |
| Workers Comp | \$52.50 |
| Fitness | \$162.00 |
| Auto | \$540.00 |
| SUBTOTAL | \$79,670.65 |

SUPPLIES & SERVICES:

| | |
|----------------------------------|---------------------|
| Audit Services | \$3,750.00 |
| Legal - Successor Agency Counsel | \$23,000.00 |
| Legal - Oversight Board Counsel | \$10,000.00 |
| Outside Legal Services | \$60,000.00 |
| Consultant Services | \$1,000.00 |
| Office Supplies | \$500.00 |
| Training | \$500.00 |
| Financial Advisor | \$1,000.00 |
| Appraisals | \$3,000.00 |
| Bond Expenses | \$1,750.00 |
| SUBTOTAL | \$104,500.00 |

ALLOCATED COSTS:

| | |
|-------------------|-----------------|
| Computer Services | \$500.00 |
| SUBTOTAL | \$500.00 |

TOTAL

\$184,670.65

*** Salaries Percentages

Admin 15%
Finance 15%
Attorney 15%
Planning 15%

**CITY OF SAND CITY SUCCESSOR AGENCY
OVERSIGHT BOARD**

DATE: August 21, 2013 (for Oversight Board Meeting of August 26, 2013)

TO: Oversight Board Members

FROM: Steve Matarazzo, staff 

SUBJECT: Preliminary Review of Recognized Obligations Payment Schedule for January 2014 - June 2014 (ROPS 13-14B)

A draft ROPS 13-14B is attached for the Board's review and comment. It shows that approximately \$160,000 of "residual funds" (property tax revenue available after all existing enforceable obligations and administrative allowance has been accounted for) is available for distribution to either: (1) the taxing entities, (2) partial set-aside payment for SERAF (supplemental educational relief administrative funding) by the Successor Agency and/or (3) partial settlement payment to the Local Educational Agencies (LEAs) regarding any settlement agreement between the SA and the LEAs.

The Successor Agency Board is expected to approve ROPS 13-14B on September 3, 2013. Following that action, the Oversight Board will formally review the final ROPS on September 30, 2013 and it is due to the Department of Finance (DOF) on October 1, 2013.

ATTACHMENT: Draft ROPS 13-14B

ROPS 13-14B

JANUARY 2014-JUNE 2014

| | |
|--|----------------------------|
| 2008A TAX ALLOCATION BONDS PAYMENT | \$ 252,981.25 |
| 2008B TAX ALLOCATION BONDS PAYMENT | \$ 110,325.00 |
| ADMINISTRATIVE COSTS | \$ 65,329.00 |
| <u>SUB-TOTAL</u> | <u>\$428,635.25</u> |
| Estimated balance available (for either LEA's or SERAF) | \$ 159,670.75 |
| TOTAL REQUEST | \$ 588,306.00 |

CITY OF SAND CITY SUCCESSOR AGENCY
OVERSIGHT BOARD

DATE: August 20, 2013 (for Oversight Board Meeting of August 26, 2013)

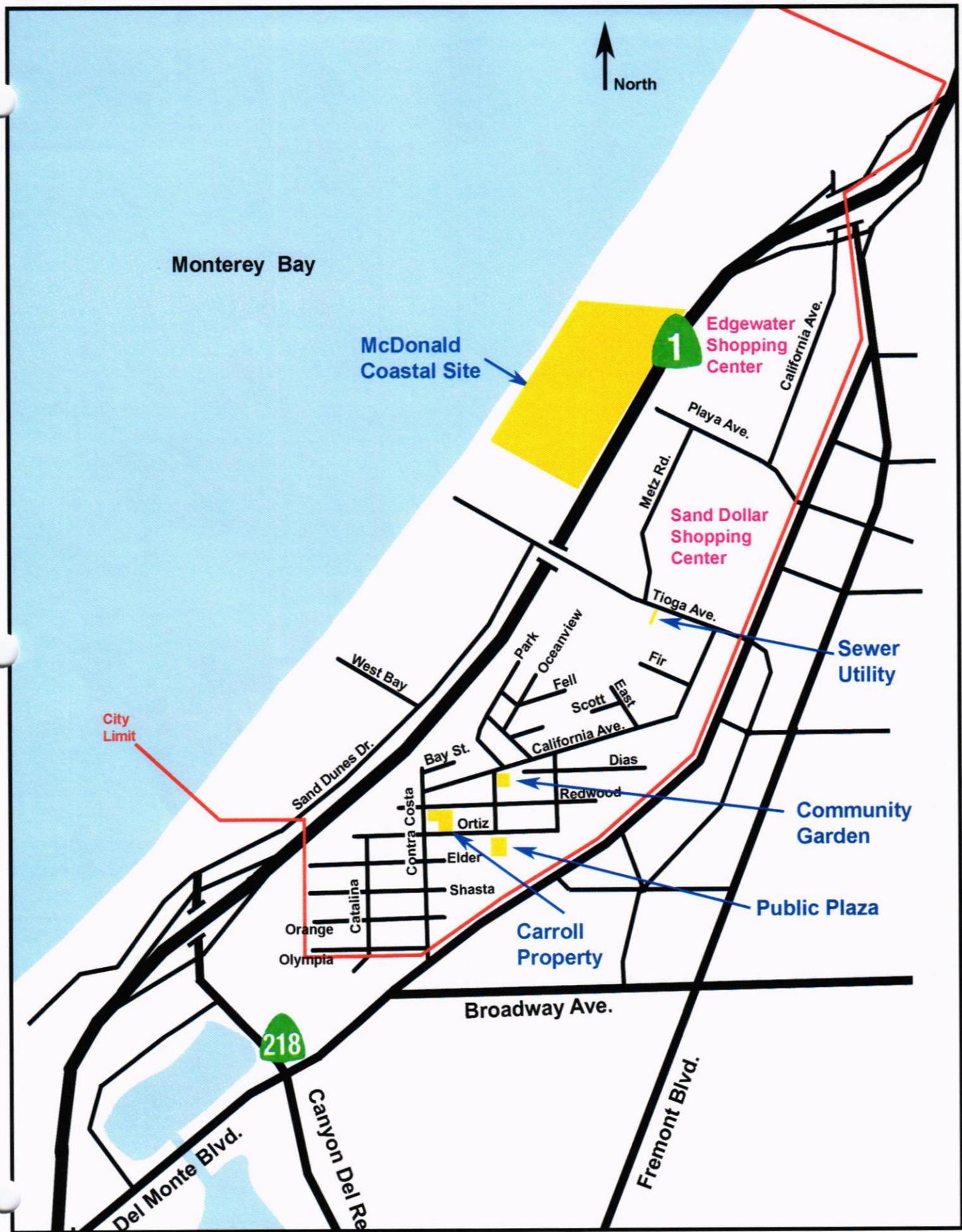
TO: Oversight Board Members

FROM: Steve Matarazzo, staff 

SUBJECT: Tour of Properties Held by the Successor Agency

A descriptive listing of properties held by the Successor Agency (SA) and subject to the long term property management plan (LTPMP) is attached for the Board's review. If time permits, SA staff can guide board members to each property. The LTPMP is required to be approved by the Oversight Board and submitted to the Department of Finance (DOF) within six months from the date the SA receives its Finding of Completion (FOC) from DOF. The finding of completion was issued on August 1, 2013, requiring Oversight Board review and approval to occur no later than February 1, 2014. SA staff anticipates that a draft LTPMP should be ready for OB review sometime in the fall.

ATTACHMENT: Listing of SA-held Properties



Former Redevelopment Agency Property Assets

PROPERTY #1 - Carroll Property:

Address: 525 Ortiz Avenue

Assessor

Parcel Nos.: 011-196-004, 013, 019, 020

Description: This site is currently paved and developed with a 1,920 square foot warehouse structure and a 475 square foot shed. The warehouse is a steel building constructed in 1977. The site had been leased for a grading and backhoe business. The property is currently vacant and used for City-related functions.



PROPERTY #2 - Community Garden:

Address: No address, at the southwest intersection of Dias Avenue and Hickory Street

Assessor

Parcel No.: 011-194-001

Description: A Use Permit for the existing community garden was issued in June of 2011. The only development on the site is a small retaining wall and water tank. Prior to being a community garden, the site was vacant.



PROPERTY #3 - Sewer Pump Site:

Address: No address, fronts Tioga Avenue

Assessor

Parcel No.: 011-122-005

Description: the property has been developed with minor improvements associated with the existing City sewer system, which is operated by the Seaside County Sanitation District (SCSD). The SCSD is a special district responsible for the maintenance and operation of the sanitary sewer collection system serving an area of approximately 2,400 acres with a population of about 30,000; including the cities of Del Rey Oaks, Sand City, and Seaside). This property contains one lift station for the sewer system.



PROPERTY #4 - McDonald Site:

Address: No address, at the westerly end of Playa Avenue

Assessor

Parcel No.: 011-012-001 & 002

Description: the site was historically used for sand mining operations by the Monterey Sand Company. The sand mining and concrete batch plant are no longer active. Most of the site is currently undeveloped except for a coastal bike trail and concrete slurry erosion protection along the coastal bluff of the property. King Ventures, a resort development company, has an option to purchase this property as part of a disposition and development agreement with the former Redevelopment Agency. The site would be developed as a portion of a coastal resort project, for which a draft Environmental Impact Report was circulated in late 2012 and early 2013.



PROPERTY #5 - Public Plaza:

Address: 600 Ortiz Avenue (through an easement)

Assessor

Parcel No.: portion of 011-236-027

Description: This property was obtained by an easement, and is mostly surrounded by parking lots and an existing 4-story mixed-used development, currently referred to as "The Independent". The property has been dedicated as an easement for a public plaza. This plaza is currently used for special events such as the City's annual West End Celebration. Prior to the area being developed, it was home of a sand mining batch plant that facilitated an office trailer, two storage sheds, and sand processing equipment.

