

OVERSIGHT BOARD FOR SUCCESSOR AGENCY
TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY

AGENDA

City Council Chambers
Montclair Civic Center
5111 Benito Street
Montclair, CA

Regular Meeting
Wednesday, August 13, 2014
6:00 p.m.

As a courtesy, please silence your cell phones, pagers, and other electronic devices while the meeting is in session. Thank you.

William Ruh - Chairman, Montclair Mayor Paul Eaton Appointee
Tenice Johnson - Vice Chairperson, County of San Bernardino Citizen Appointee
Terry Catlin - Inland Empire Utilities Agency Appointee
Kim Erickson - Chaffey Community College District Appointee
Phil Hillman - Ontario-Montclair School District Appointee
Mike Piotrowski - City of Montclair Employee Organization Alternate
John Richardson - County of San Bernardino Appointee

Page No.

I. PRELIMINARY MATTERS

- A. Call to Order
- B. Roll Call

II. PUBLIC COMMENT

Any person wishing to address the Oversight Board on any matter, whether or not it appears on this agenda, is requested to complete a "Speaker Request" form, available at the door. The form should be completed and submitted to the Secretary prior to the beginning of this meeting or prior to an individual agenda item being heard by the Oversight Board. Each speaker will be afforded five minutes to address the Oversight Board. No action will be taken on any item not listed on the agenda pursuant to the Ralph M. Brown Act.

III. APPROVAL OF MINUTES

- A. Minutes of the Special Oversight Board Meeting of February 26, 2014

IV. BUSINESS ITEMS

- A. Consider Adoption of Resolution No. 14-05, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency (1) Approving a Bond Proceeds Expenditure Agreement Between the City of Montclair, California, and the Successor Agency to the City of Montclair Redevelopment Agency Providing for the Transfer of Excess Bond Proceeds to the City for Bond-Eligible Purposes; (2) Directing the Transfer of Such Funds to the City; and (3) Making Certain Findings in Connection Therewith 3

- B. Consider Adoption of Resolution No. 14-06, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Approving and Adopting a Revised Long-Range Property Management Plan Pursuant to Section 34191.5 of the California Health and Safety Code 25

V. COMMUNICATIONS

- A. Staff
- B. Chairman and Members

VI. ADJOURNMENT

The above actions of the Oversight Board shall not become effective for three business days, pending any request for review by DOF. If DOF requests review of the above Board actions, it will have ten days from the date of the request to approve the Oversight Board action or return it to the Oversight Board for reconsideration; and the action, if subject to review by DOF, will not be effective until approved by DOF.

The next regularly scheduled Oversight Board meeting will be held on September 10, 2014, at 6:00 p.m. in the City Council Chambers.

Reports, backup materials, and additional materials related to any item on this Agenda distributed to the Successor Agency Board after distribution of the Agenda packet are available for public inspection in the Office of the Secretary located at 5111 Benito Street, Montclair, California, between 7:00 a.m. and 6:00 p.m., Monday through Thursday.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Secretary at (909) 625-9416. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II)

I, Yvonne L. Smith, Secretary, hereby certify that I posted, or caused to be posted, a copy of this Agenda not less than 72 hours prior to this meeting on the bulletin board adjacent to the north door of Montclair City Hall on August 7, 2014.

AGENDA REPORT

SUBJECT:	CONSIDER ADOPTION OF RESOLUTION NO. 14-05, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY (1) APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF MONTCLAIR, CALIFORNIA, AND THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY PROVIDING FOR THE TRANSFER OF EXCESS BOND PROCEEDS TO THE CITY FOR BOND-ELIGIBLE PURPOSES; (2) DIRECTING THE TRANSFER OF SUCH FUNDS TO THE CITY; AND (3) MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH	DATE:	August 13, 2014
		SECTION:	BUSINESS ITEMS
		ITEM NO.:	A
		FILE I.D.:	OBO050
		DEPT.:	OVERSIGHT BOARD

REASON FOR CONSIDERATION: Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issues from bonds issued prior to 2011 for purposes for which the bonds were sold, provides that such proceeds in excess of amounts needed to satisfy approved enforceable obligations shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute "excess bond proceeds obligations that shall be listed on a successor agency's Recognized Obligation Payment Schedule." The former City of Montclair Redevelopment Agency had approximately \$14.2 million in unexpended bond proceeds which were transferred to the Successor Agency.

The Successor Agency to the City of Montclair Redevelopment Agency desires to provide these excess bond proceeds to the City to enable the City to use such funds in a manner consistent with the original bond covenants. A spending plan for use of the bond proceeds has been developed and in order to facilitate use of the excess bond proceeds, the City and Successor Agency need to enter into a bond expenditure agreement for use of the excess bond proceeds. Staff is requesting the Oversight Board to consider adoption of Resolution No. 14-05 approving the Bond Proceeds Expenditure Agreement between the City of Montclair and the Successor Agency to the City of Montclair Redevelopment Agency.

BACKGROUND: The Successor Agency to the City of Montclair Redevelopment Agency received its "Notice of Completion" from the Department of Finance on May 15, 2013. Pursuant to the Health and Safety Code cited above, the Successor Agency is now entitled to expend its former Redevelopment Agency's bond proceeds it has on hand in excess of the amounts needed to satisfy existing enforceable obligations in a manner consistent with the bond covenants. In order to expend the bond proceeds, the Successor Agency must have an enforceable obligation with another agency and that obligation must be included in the applicable Recognized Obligation Payment Schedule (ROPS).

Once approved by the Successor Agency, City Council, Oversight Board, and Department of Finance (DOF), the Bond Expenditure Agreement, attached as Exhibit A to proposed Resolution No. 14-05, would become the enforceable obligation. The Agreement would

obligate the Successor Agency to pay the City of Montclair to construct the improvements within the former redevelopment project areas using the excess bond proceeds identified as Exhibit B to Resolution No. 14-05 (Bond Spending Plan). The sources of the available bond proceeds are summarized on Attachment No. 1. Bond Counsel has provided an opinion that the proposed uses of the bond proceeds are consistent with the purposes for which the bonds were sold (Attachment No. 2).

As indicated, before the bond proceeds may be used for the projects identified in the Bond Spending Plan, the Successor Agency must have an enforceable obligation with another party. The enforceable obligation must be recorded on a Recognized Obligation Payment Schedule (ROPS) and the ROPS must be approved by the Oversight Board and the DOF. Staff anticipates placing the Bond Expenditure Agreement on the ROPS for the period from January 1, 2015 through June 30, 2015. Through the Bond Proceeds Agreement, the bond proceeds would be provided to the City to carry out projects. In addition, the Agreement creates the enforceable obligation necessary for the ROPS and eliminates the need to itemize every contract related to use of the proceeds on the ROPS. The use of the Bond Proceeds Agreement would allow the City to move forward in a more timely manner on projects without having every contract related to a project have to wait for Oversight Board review and review by DOF which could potentially cause significant delays in the award of contracts.

The Successor Agency and the City will be reviewing a Resolution for adoption of the Bond Expenditure Agreement on August 18, 2014. In the event, the Successor Agency or City Council alter or amend the Agreement in any substantial way, the Agreement would be returned to the Oversight Board for reconsideration.

FISCAL IMPACT: Action by the Oversight Board to adopt Resolution No. 14-05 would allow the Successor Agency to send the Resolution and Bond Expenditure Agreement to DOF for consideration. Through approval of the Bond Expenditure Agreement, the City would be allowed to spend accrued bond proceeds for bonds issued before 2011. The amount of bond proceeds currently available to the Successor Agency and City is \$14,221,593.38.

RECOMMENDATION: Staff recommends the Oversight Board adopt Resolution No. 14-05, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency (1) approving a Bond Proceeds Expenditure Agreement between the City of Montclair, California, and the Successor Agency to the City of Montclair Redevelopment Agency providing for the transfer of excess bond proceeds to the City for bond-eligible purposes; (2) directing the transfer of such funds to the City; and (3) making certain findings in connection therewith.

Attachment No. 1

Former City of Montclair
Redevelopment Agency Bond Proceeds

By Bond Issues:

Project Area No. I:	\$ 182,823.04	Taxable Bonds
Project Area No. III:	\$ 491,379.25	Taxable Bonds
	\$ 6,249,735.63	Tax-Exempt Bonds
Project Area No. IV:	\$ 13,131.63	Tax-Exempt Bonds
Project Area No. V:	\$ 3,765,028.78	Taxable Bonds
	\$ 3,519,495.05	Tax-Exempt Bonds

By Project Area:

Project Area No. I:	\$ 182,823.04
Project Area No. III:	\$ 6,741,114.88
Project Area No. IV:	\$ 13,131.63
Project Area No. V:	\$ 7,284,523.83

By Proceed Type:

Tax-Exempt Bonds:	\$ 9,782,362.31
Taxable Bonds:	\$ 4,439,231.07

TOTAL BOND PROCEEDS: \$ 14,221,593.38

Attachment No. 2

STRADLING YOCCA CARLSON & RAUTH

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SANTA MONICA
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SACRAMENTO
(916) 449-2350

August 5, 2014

Ms. Marilyn Staats
City of Montclair
5111 Benito Street
Montclair, CA 91763

Re: Expenditure of Excess Bond Proceeds

Dear Ms. Staats:

I have reviewed the form of Bond Expenditure Agreement (the "Agreement"), including the list of projects to be financed set forth in Exhibit B of the Agreement, a copy of which is attached hereto. In addition, I have reviewed the Indentures with respect to the 1997 Project Area 1 Bonds, the 1997 Project Area 3 Bonds, the 1998 Project Area 3 Bonds, the 2007A Project Area 3 Bonds, the 2007B Project Area 3 Bonds, the 2004 Project Area 4 Bonds, the 1995 Project Area 5 Bonds, the 2001 Project Area 5 Bonds, the 2006A Project Area 5 Bonds and the 2006B Project Area Bonds. I have also reviewed the Implementation Plan approved December 21, 2009 as required by the Community Redevelopment Law for all of the Redevelopment Project Areas and other materials provided to me in connection with the opinion.

It is my opinion that the proposed expenditure of excess bond proceeds in accordance with the Agreement is consistent with the covenants set forth in the above-referenced Indentures. The projects will improve the ability of affected taxing agencies to provide services to the public and are in the public interest and will be of benefit to the public as well as the affected taxing entities. Based on the above it is my opinion that the proposed expenditures satisfy the requirements of the Dissolution Act.

If you have any questions, please give me a call.

Respectfully,

STRADLING YOCCA CARLSON & RAUTH

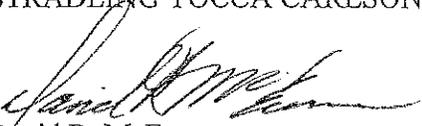

David R. McEwen

EXHIBIT B
 BOND SPENDING PLAN
 FOR
 FORMER CITY OF MONTCLAIR REDEVELOPMENT AGENCY
 BOND PROCEEDS

- **Reconstruct Central Avenue Alignment to Montclair Plaza:** This project would consist of the reconstruction of the Central Avenue entrance to the Montclair Plaza to align with the entrance of Montclair East Shopping Center to create a new intersection. The improvements would involve planning, design, engineering, costs associated with RFP and bid solicitation, signal relocation, additional signalization, onsite drive aisle and parking modifications, median island modifications and relandscaping, and installation of monument signage.

Estimated Project Cost: \$ 1,015,000
 Source of Funds: \$ 491,379 Project Area No. III Taxable Bonds
 \$ 523,621 Project Area No. III Tax-Exempt Bonds

- **Construction of a Transition to the Montclair Transcenter from Arrow Highway to Accommodate Future Needs for Relocation of the Metrolink Track/Gold Line:** This project would construct a walkable path of travel to the Montclair Transcenter for commuters. The project would entail design, engineering, costs associated with RFP and bid solicitation, acquisition of easements, construction of a sidewalk in the No. 3 north bound lane of Monte Vista Avenue north of Arrow Highway, construction of walkway improvements in the Montclair Transcenter from Monte Vista Avenue, installation of lighting and landscaping along the sidewalk and walkway, and associated construction of certain walkway improvements from Arrow Highway.

Estimated Project Cost: \$ 1,041,200
 Source of Funds: \$ 1,041,200 Project Area No. III Tax Exempt Bonds

- **Construction of Street Improvements to Implement North Montclair Downtown Specific Plan:** This project consists would construct a variety of street improvements in North Montclair that would assist in the implementation of the North Montclair Downtown Specific Plan Transit Oriented Development. Project elements would include design, landscape plans, street plans, engineering and costs associated with RFP and bid solicitation. The project would reconstruct Central Avenue from the I-10 Freeway to the City limits, reconstruct and install median and streetscape improvements on Arrow Highway from Central Avenue to Monte Vista Avenue, reconstruct Fremont Avenue including streetscape improvements from Arrow Highway to Moreno Street and reconstruct Moreno Street from Central Avenue to Monte Vista Avenue.

Estimated Project Cost: \$ 6,032,500
 Source of Funds: \$ 4,299,915 Project Area No. III Tax Exempt Bonds
 \$ 13,132 Project Area No. IV Tax Exempt Bonds
 \$ 1,719,347 Project Area No. V Tax Exempt Bonds

- **Complete Utility Undergrounding Project on Central Avenue from North City Limit to Richton Street:** The former City of Montclair Redevelopment Agency had begun a project to underground the overhead utilities on Central Avenue from Richton Street to the northern City limits. Payment was made to Southern California Edison Company for preparation of the plans. This project would complete the undergrounding process of this segment of Central Avenue with the bid solicitation and construction of the project.

Estimated Project Cost: \$ 385,000
 Source of Funds: \$ 385,000 Project Area No. III Tax Exempt Bonds

- **Landscape Central Avenue I-10 Freeway On and Off Ramps:** This project would have the City work with the California Department of Transportation to obtain the appropriate permits and agreements to relandscape the Central Avenue on- and off-ramps at the I-10 Freeway. The current landscape consists of several pine trees and ice plant ground cover, which is dead in many areas. The landscape has become weed choked and unsightly. The sprinkler system installed by the state frequently lacks maintenance, causing jets of water to spray in the air until repairs can be made, which can take weeks or months. The City would seek to prepare landscape and irrigation plans subject to review by Caltrans and to relandscape the subject area with a water-saving landscape palette that would benefit the City's image. It is likely Caltrans would require the City to assume maintenance responsibility for the landscape upon its installation.

Estimated Project Cost: \$ 760,000
 Source of Funds: \$ 54,823 Project Area No. I Taxable Bonds
 \$ 705,177 Project Area No. V Tax Exempt Bonds

- **Alma Hofman Park Improvements:** The proposed improvements to Alma Hofman Park would involve construction or placement of a small building near the Skateboard Park to facilitate supervision of the skateboard park. The building would include a check-in counter, area for rental of equipment, and restroom. Persons using the Skateboard Park would be required to check in and check out through the staffed building. Supervision and management of the Skate Park would help to ensure that appropriate gear is worn by skateboarders. The facility would also allow for programming of events at the Skate Park, whereby trained staff could offer lessons, camps, and positive activities centered on physical fitness and personal development. Facilitating supervision of the Skate Park would greatly reduce the number of Police and Fire Department service calls to the Park.

Estimated Project Cost: \$ 128,000
 Source of Funds: \$ 128,000 Project Area No. 1 Taxable Bonds

- **Reeder Ranch Park Site:** The proposed project would construct a historical and cultural center park site on land owned by the former City of Montclair Redevelopment Agency. The location of the proposed park site is 4385 Holt Boulevard adjacent to the existing historical Reeder Ranch. Project costs would include architectural, engineering, landscape design costs, and costs associated with bid solicitation. A preliminary site plan of the park has been developed. Development

of the park site would include construction of a building that would act as a historical and cultural center regarding the City's citrus-related past to be owned and operated by the City. The facility would house artifacts related to the City's citrus heritage and development. The building would include restroom facilities. The City would partner with the Ontario-Montclair School District on development of programs to instruct school children about the City's past, sub-urban and urban development, and environmental issues. The facility would also include an outdoor amphitheatre for City/School District-sponsored community events. This amphitheatre would be used for environmental and healthy-eating programs associated with the community orchard (fruit park) and a community garden, to be developed onsite, where fresh fruits and produce would be furnished to children and the community at large. A parking lot would be constructed to serve the cultural center and the community activities associated with the city programs. **The planned use of this property is not a parking lot for the adjacent Reeder Foundation site; it is a community park with historical influences that would be an attraction to the community and beneficial to the local school system. Bond proceeds associated with this project would NOT be used for projects or programs at the adjoining Reeder Foundation site.**

Estimated Cost:	\$ 4,850,000
Source of Funds:	\$ 3,755,029 Project Area No. V Taxable Bonds
	\$ 1,094,971 Project Area No. V Tax Exempt Bonds

- Acquisition of 5326 San Bernardino Street:** Taxable bond proceeds would be used to acquire the property at 5326 San Bernardino Street. The property was purchased by the former Redevelopment Agency in 2003. The property houses the first City Hall structure for the City of Montclair. The property contains a single-family dwelling unit and garage with attached structures. The property is zoned C2-Restricted Commercial. The site can no longer be used for residential purposes. **The size and pie shape of the 5326 San Bernardino Street parcel make the site impossible to develop commercially.** The portion of the structure containing the original City Hall building gives the location and that structure some slight historical significance to the City. However, the site can only be sold and developed if it becomes part of a larger land assemblage. The property is located adjacent to a vacant pie-shaped commercial lot on the corner of Central Avenue and San Bernardino Street. The adjoining property has very limited development potential without the addition of the 5326 San Bernardino Street property.

The property also contains a number of illegal building additions. The property has not been tested for lead or asbestos. Given the age of the structures, lead and asbestos are likely to be found, making for costly demolition of the onsite structures. DOF has disallowed funds from the RPTTF for appraisal services for this property. Staff attempted to get an estimate of value of the location from a real estate professional, but the professional declined because of the development constraints on the property. Staff therefore looked back at the last valuation of the site. The total assessed value of the property was \$39,998. Of this value, \$21,900 was for the improvements. However, the improvements must be removed from the site because the property cannot be redeveloped residentially. Given demolition, asbestos abatement, and lead removal costs, the demolition cost of the structures is estimated to be \$30,000.

It is, therefore, suggested the value for the site would be approximately \$10,000 given the demolition costs.

The City would propose to purchase the site for \$10,000 from the Successor Agency. Upon sale, any proceeds would be sent to the County of San Bernardino for distribution to the taxing entities.

Estimated Cost:	\$	10,000
Source of Funds:	\$	10,000 Project Area No. V Taxable Bonds

Total Estimated Project Costs: \$ 14,221,700

Total Bond Proceed Costs: \$ 14,221,594

RESOLUTION NO. 14-05

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY (1) APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF MONTCLAIR, CALIFORNIA, AND THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY PROVIDING FOR THE TRANSFER OF EXCESS BOND PROCEEDS TO THE CITY FOR BOND-ELIGIBLE PURPOSES; (2) DIRECTING THE TRANSFER OF SUCH FUNDS TO THE CITY; AND (3) MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the City of Montclair ("City") is a municipal corporation organized and operating under the laws of the State of California; and

WHEREAS, the Successor Agency to the City of Montclair Redevelopment Agency ("Successor Agency") is a public body, corporate and politic, organized and operating under Part 1.85 of Division 24 of the Dissolution Act (defined below); and

WHEREAS, the City of Montclair Redevelopment Agency ("former Agency") previously was a California public body, corporate and politic, duly formed by the City Council of the City of Montclair ("City Council") and was organized, existed, and exercised the powers of a community redevelopment agency under the California Redevelopment Law, Health and Safety Code Section 33000, *et. seq.*; and

WHEREAS, Assembly Bill X1 26 ("ABX1 26"), effective on June 28, 2011, added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code and which laws were modified, in part, and determined constitutional by the California Supreme Court in the petition *California Redevelopment Association, et. al. v. Ana Matosantos, et. al.*, Case No. S194861 ("Matosantos Decision"), which laws and court opinion caused the dissolution of all redevelopment agencies and winding down of the affairs of former redevelopment agencies; thereafter, such laws were amended further by Assembly Bill 1484 ("AB 1484") that was effective on June 27, 2012, (together ABX1 26, the Matosantos Decision, and AB 1484 are referred to as the "Dissolution Act"), and

WHEREAS, as of February 1, 2012, the former Agency became a dissolved community redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, as of and on February 1, 2012, the Successor Agency is performing its functions as the successor agency under the Dissolution Act to administer all enforceable obligations of the former Agency and is engaged in activities necessary and appropriate to wind down the affairs of the former Agency, all subject to the review and approval by a seven-member Oversight Board formed thereunder; and

WHEREAS, Section 34191.4(c) of the Dissolution Act allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to 2011 for the purposes for which the bonds were sold, provides that such proceeds in the excess of amounts needed to satisfy approved enforceable obligations shall be expended in a manner consistent with the original bond covenants, and

further provides that such expenditures shall constitute "excess bond proceeds obligations" that shall be listed separately on the successor agency's Recognized Obligation Payment Schedule; and

WHEREAS, the Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on May 15, 2013; and

WHEREAS, the California Community Redevelopment Law (Health and Safety Code Section 33000, *et. seq.*) provides for a cooperative relationship between the cities and their redevelopment agencies as well as their successor agencies who have assumed the duties and obligations of the former redevelopment agencies; and

WHEREAS, under Health and Safety Code Section 33220, a city may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment project; and

WHEREAS, Health and Safety Code Section 33220(e) specifically authorizes a city to enter into an agreement with its redevelopment agency or any other public entity to further redevelopment purposes, and

WHEREAS, Health and Safety Code Section 34178(a) allows a successor agency and its sponsoring city to enter into agreements, subject to Oversight Board approval pursuant to Health and Safety Code Section 34180(h); and

WHEREAS, the Successor Agency has and will have proceeds of its City of Montclair Redevelopment Agency Project Area No. I Taxable Bonds, Redevelopment Project Area No. III Taxable and Tax-Exempt Bonds, Redevelopment Project Area No. IV Bonds, and Redevelopment Project Area No. V Taxable and Tax-Exempt Bonds that are not otherwise obligated for projects or other enforceable obligations; and

WHEREAS, the Successor Agency desires to transfer its Excess Bond Proceeds (defined in the Agreement) to the City to enable the City to use such Excess Bond Proceeds for redevelopment purposes, including to undertake projects and programs that were not previously funded and obligated by the Successor Agency or the City, and in a manner consistent with the original bond covenants; and

WHEREAS, City and Successor Agency staff have prepared a spending plan for using such Excess Bond Proceeds ("Bond Spending Plan") to advance the City's community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development; and

WHEREAS, in order to facilitate the use of Excess Bond Proceeds consistent with all applicable bond covenants, the Successor Agency and the City have negotiated the terms of that certain Bond Proceeds Expenditure Agreement ("Agreement") requiring the transfer of current and future excess bond proceeds consistent with all applicable covenants; and

WHEREAS, the Successor Agency and City intend that the Agreement shall constitute an excess bond proceeds obligation within the meaning of Health and Safety Code Section 34191.4(c)(2)(A) to be paid from Excess Bond Proceeds; and

WHEREAS, the Successor Agency will list obligations to be funded with Excess Bond Proceeds on its Recognized Obligation Payment Schedule (ROPS) for January 2015 through June 30, 2015, (ROPS 14-15B) and upon receiving Oversight Board approval and California Department of Finance approval will transfer excess bond proceeds set forth herein; and

WHEREAS, the Oversight Board desires to approve the Agreement and the Bond Spending Plan in substantially the form attached hereto as Exhibits A and B, respectively

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency does hereby find and determine as follows:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The Oversight Board hereby finds and determines, based on all evidence and testimony contained in the record before it, that the use of Excess Bond Proceeds in accordance with the Bond Spending Plan to fund the projects that involve City-owned public buildings, facilities, structures, or other public or private improvements is an accordance with the Health and Safety Code Sections 33445, 33445.1, and 33679 and other applicable law.

Section 3. The Oversight Board has determined that the expenditure of Excess Bond Proceeds in accordance with this Agreement will benefit the affected taxing entities and has approved the execution of this Agreement and the transfer of Excess Bond Proceeds to the City for the purposes described herein and in the Bond Spending Plan.

Section 4. The Oversight Board hereby approves the Bond Proceeds Expenditure Agreement in substantially the form attached hereto as Exhibit A and incorporated herein.

Section 5. The Oversight Board hereby approves the Bond Spending Plan in substantially the form attached hereto as Exhibit B and incorporated herein. The Oversight Board acknowledges that, pursuant to the terms of the Bond Proceeds Expenditure Agreement, the City may amend the Bond Spending Plan, subject to compliance with all applicable bond covenants.

Section 6. The Successor Agency is hereby authorized and directed as follows:

- a. Execute the Bond Proceeds Expenditure Agreement in the form presented herewith with such changes, insertions, and omissions as may be approved by the Executive Director of the Successor Agency; and
- b. List the Agreement and the requirement to transfer excess bond proceeds set forth therein, on the Successor Agency's Recognized Obligation Payment schedule for January 1, 2015 through July 30, 2015 ("ROPS 14-15B") and any future Recognized Obligation Payment Schedule

as necessary as an obligation to be funded with Excess Bond Proceeds until approved by the California Department of Finance; and

- c. Upon receiving approval of ROPS 14-15B from the California Department of Finance, transfer all Excess Bond Proceeds to the City for use by the City in accordance with the Bond Expenditure Agreement and the Bond Spending Plan.

Section 7. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this XX day of XX, 2014.

Chairman

ATTEST:

Secretary

I, Yvonne L. Smith, Secretary of the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. 14-05 was duly adopted by the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency Board of Directors at a regular meeting thereof held on the XX day of XX, 2014, and that it was adopted by the following vote, to-wit:

AYES: XX
NOES: XX
ABSTAIN: XX
ABSENT: XX

Yvonne L. Smith
Secretary

EXHIBIT A

BOND EXPENDITURE AGREEMENT

This Bond Expenditure Agreement (the "Agreement") is entered into effective _____, 2014, by and between the City of Montclair (City), a municipal corporation (the "City"), and the City of Montclair as Successor Agency to the City of Montclair Redevelopment Agency ("Successor Agency") under Health and Safety Code Section 34173 pursuant to City Council Resolution No. _____, Successor Agency Resolution No. _____, and the Oversight Board to the Successor Agency of the City of Montclair Redevelopment Agency ("Oversight Board") Resolution No. 14-05.

RECITALS

- A. The Successor Agency received its Finding of Completion under Health and Safety Code Section 34179.7 from the California Department of Finance on May 16, 2013.
- B. Health and Safety Code Section 34191.4(c) allows a successor agency that has received a finding of completion to use bond proceeds from bonds issued prior to 2011 for purposes for which the bonds were sold, provides that such proceeds in excess of amounts needed to satisfy approved enforceable obligations shall be expended in a manner consistent with the original bond covenants, and further provides that such expenditures shall constitute "excess bond proceeds obligations" that shall be listed separately on the successor agency's Recognized Obligation Payment Schedule ("ROPS").
- C. The Successor Agency has and will have so-called "excess bond proceeds," *i.e.*, pre-2011 tax allocation bond proceeds that are not otherwise obligated for a project or other enforceable obligation. The Successor Agency wishes to use such proceeds for redevelopment purposes consistent with applicable bond covenants.
- D. The California Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*) provides for a cooperative relationship between cities and their redevelopment agencies, as well as their successor agencies that have assumed the duties and obligations of the former redevelopment agencies. Under Health and Safety Code Section 33220, a city may aid and cooperate in the planning, undertaking, construction, or operation of redevelopment projects. Health and Safety Code Section 33220(e) specifically authorizes a city to enter into an agreement with its redevelopment agency or any other public entity to further redevelopment purposes. Health and Safety Code Section 34178 allows a successor agency and its sponsoring city to enter into agreements with the approval of the oversight board.
- E. The Successor Agency desires to provide excess bond proceeds to the City to enable the City to use such funds, in a manner consistent with the original bond covenants, to undertake projects and programs that were not previously funded and obligated by the Successor Agency or the City. The City has adopted a

spending plan for using such excess bond proceeds (the "Bond Spending Plan") to advance the City's community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development. The City Council has found that the use of excess bond proceeds to fund projects that involve City-owned public buildings, facilities, structures, or other improvements is in accordance with Health and Safety Code Sections 33445, 33445.1, and 33679 and other applicable law. The Oversight Board has determined that the expenditure of excess bond proceeds in accordance with this Agreement will benefit the affected taxing entities, and has approved the execution of this Agreement and the provision of excess bond proceeds to the City for the purposes described herein.

- F. In order to facilitate the use of excess bond proceeds consistent with the bond covenants, the Successor Agency and the City have negotiated this Agreement requiring the transfer of current and future excess bond proceeds by the Successor Agency to the City, and the City's use of such proceeds consistent with applicable bond covenants. The parties intend that this Agreement shall constitute an excess bond proceeds obligation within the meaning of Health and Safety Code Section 34191.4(c)(2)(A) to be paid from excess bond proceeds. With Oversight Board approval, the Successor Agency has listed this Agreement, and the requirement to transfer excess bond proceeds herein, on its Recognized Obligation Payment Schedule ("ROPS") for January 1, 2015, through June 30 of 2015 ("ROPS 14-15B") as an obligation to be funded with excess bond proceeds.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. RECITALS

The recitals above are an integral part of this Agreement and set forth the intentions of the parties and the premises on which the parties have decided to enter into this agreement.

2. DEFINITIONS

For purposes of this Agreement, the following terms shall have the indicated meaning:

The "Dissolution Law" means Parts 1.8 and 1.85 of Division 24 of the California Health and Safety Code, commencing with Section 34170, and other statutes governing the dissolution of redevelopment agencies and the wind-down of redevelopment activities.

"Bond Proceeds" mean (1) proceeds from tax allocation bonds issued on or before December 31, 2010; (2) rents, sale proceeds and other revenues generated by properties acquired and/or improved with proceeds from tax allocation bonds issued on or before December 31, 2010; (3) interest and principal paid on loans funded by proceeds from tax allocation bonds issued on or before December 31, 2010; and (4) other income or revenues generated from assets acquired or funded with proceeds from tax allocation bonds issued on or before December 31, 2010.

"Excess Bond Proceeds" means Bond Proceeds that are not needed to satisfy Enforceable Obligations approved on a ROPS.

"Enforceable Obligations" mean enforceable obligations, other than Excess Bond Proceeds obligations, as defined under the Dissolution Law.

"Bond Spending Plan" is defined in Recital E.

3. SUCCESSOR AGENCY'S OBLIGATIONS

The Successor Agency shall have the following obligations under this Agreement:

3.1. CURRENT EXCESS BOND PROCEEDS. The Successor Agency shall transfer to the City, no later than June 30, 2015, Excess Bond Proceeds currently held by the Successor Agency. As of the date of this agreement, the amount held is \$14,221,593.38 and the transfer will include this amount and any interest earned to the date of transfer.

3.2. FUTURE EXCESS BOND PROCEEDS. The Successor Agency shall transfer to the City all future Excess Bond Proceeds held or received by the Successor Agency. Such future Excess Bond Proceeds shall include, without limitation, (1) Bond Proceeds previously obligated to a project or other Enforceable Obligation that become unobligated for any reason; (2) Bond Proceeds that become available in the form of rents, sale proceeds, loan repayments, or other revenues that are generated by properties or other assets acquired and/or improved with Bond Proceeds and that are not otherwise obligated to a project or other Enforceable Obligation; and (3) any other funds held by the Successor Agency that qualify as Excess Bond Proceeds under this Agreement.

The parties intend that payments of future Excess Bond Proceeds be made to the City as soon as possible after such Excess Bond Proceeds become available. The transfer of future Excess Bond Proceeds shall be made pursuant to an approved ROPS within 30 days of the commencement of the relevant ROPS period. The Successor Agency shall be responsible for ensuring that payments of future Excess Bond Proceeds, as such funds become available, are included on the next possible ROPS.

3.3. PROJECTS FUNDED BY EXCESS BOND PROCEEDS. The Successor Agency assigns to the City all responsibilities in relation to the administration of any projects or programs funded by Excess Bond Proceeds. The Successor Agency assigns to the City all contracts entered into by the Successor Agency or the former Redevelopment Agency of the City of Montclair related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by the Successor Agency related to Enforceable Obligations.

4. CITY'S OBLIGATIONS

The City shall have the following obligations under this Agreement:

- 4.1. EXCESS BOND PROCEEDS. The City shall accept, hold, and disburse Excess Bond Proceeds transferred to the City by the Successor Agency under this Agreement including current Excess Bond Proceeds and future Excess Bond Proceeds. The City shall retain any Excess Bond Proceeds that it receives, such as revenue generated from properties acquired or improved with Excess Bond Proceeds or payments on loans funded from Excess Bond Proceeds, without any obligation to return such funds to the Successor Agency, and shall use such funds for uses consistent with applicable bond covenants.

The City may spend Excess Bond Proceeds received or retained under this Agreement on any project, program, or activity authorized under the Bond Spending Plan. However, the City must spend Excess Bond Proceeds consistent with the original bond covenants applicable to the particular Excess Bond Proceeds. The City shall be solely responsible for ensuring that Excess Bond Proceeds are maintained and spent in accordance with bond covenants and other applicable laws. The City may transfer funds between approved projects, programs and activities, or between project areas as long as the transfer benefits project areas and applicable bond covenants do not restrict such funds to a particular project area.

The City assumes all contracts entered into by the Successor Agency or the former Redevelopment Agency of the City of Montclair related to activities to be funded by Excess Bond Proceeds, with the exception of those contracts retained by the Successor Agency relating to Enforceable Obligations. The City shall perform its obligations hereunder, and under such assumed contracts, in accordance with the applicable provisions of federal, state, and local laws, including the obligation to comply with environmental laws such as CEQA, and shall timely complete the work required for each project.

- 4.2. BOND SPENDING PLAN. The City shall be solely responsible for maintaining and implementing the Bond Spending Plan. The City may amend the Bond Spending Plan as the City deems necessary in its sole discretion. Any amendments to the adopted Bond Spending Plan will consider uses that advance the City's community development goals while maximizing fiscal and social benefits flowing to the taxing entities from successful development. Notwithstanding any contrary provision hereof, unless the City expressly agrees otherwise, the City shall not be obligated to provide funding for any program or project in an amount exceeding the Excess Bond Proceeds provided to the City pursuant to this Agreement.

5. ENTIRE AGREEMENT; WAIVERS; AND AMENDMENTS

- 5.1. This Agreement constitutes the entire understanding and agreement of the parties with respect to the transfer and use of Excess Bond Proceeds. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter of this Agreement.

5.2. This Agreement is intended solely for the benefit of the City and the Successor Agency. Notwithstanding any reference in this Agreement to persons or entities other than the City and the Successor Agency, there shall be no third party beneficiaries under this Agreement.

5.3. All waivers of the provisions of this Agreement and all amendments to this Agreement must be in writing and signed by the authorized representatives of the parties.

6. SEVERABILITY

If any term, provisions, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the parties have been materially altered or abridged by such invalidation, voiding, or unenforceability. In addition, the parties shall cooperate in good faith in an effort to amend or modify this Agreement in a manner such that the purpose of any invalidated or voided provision, covenant, or condition can be accomplished to the maximum extent legally permissible.

7. DEFAULT

If either party fails to perform or adequately perform an obligation required by this Agreement within thirty (30) calendar days of receiving written notice from the nondefaulting party, the party failing to perform shall be in default hereunder. In the event of default, the nondefaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract including, without limitation, the right to sue for damages for breach of contract or to seek specific performance. The rights and remedies of the nondefaulting party enumerated in this paragraph are cumulative and shall not limit the nondefaulting party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of the Agreement or hereinafter enacted or established, that may be available to the nondefaulting party against the defaulting party.

8. BINDING ON SUCCESSORS

This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

9. FURTHER ASSURANCES

Each party agrees to execute, acknowledge and deliver all additional documents and instruments and to take such other actions as may be reasonably necessary to carry out the intent of this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned parties have executed this Bond Expenditure Agreement effective as of the date first above written.

"CITY"

THE CITY OF MONTCLAIR,
a municipal corporation

Paul M. Eaton
Mayor

APPROVED AS TO FORM AND LEGALITY:

Diane E. Robbins
City Attorney

"SUCCESSOR AGENCY"

THE CITY OF MONTCLAIR AS SUCCESSOR AGENCY,
successor agency to the City of Montclair Redevelopment
Agency under Health and Safety Code Section 34173

William A. Ruh
Chair of Successor Agency Board

EXHIBIT B
 BOND SPENDING PLAN
 FOR
 FORMER CITY OF MONTCLAIR REDEVELOPMENT AGENCY
 BOND PROCEEDS

- **Reconstruct Central Avenue Alignment to Montclair Plaza:** This project would consist of the reconstruction of the Central Avenue entrance to the Montclair Plaza to align with the entrance of Montclair East Shopping Center to create a new intersection. The improvements would involve planning, design, engineering, costs associated with RFP and bid solicitation, signal relocation, additional signalization, onsite drive aisle and parking modifications, median island modifications and relandscaping, and installation of monument signage.

Estimated Project Cost: \$ 1,015,000
 Source of Funds: \$ 491,379 Project Area No. III Taxable Bonds
 \$ 523,621 Project Area No. III Tax-Exempt Bonds

- **Construction of a Transition to the Montclair Transcenter from Arrow Highway to Accommodate Future Needs for Relocation of the Metrolink Track/Gold Line:** This project would construct a walkable path of travel to the Montclair Transcenter for commuters. The project would entail design, engineering, costs associated with RFP and bid solicitation, acquisition of easements, construction of a sidewalk in the No. 3 north bound lane of Monte Vista Avenue north of Arrow Highway, construction of walkway improvements in the Montclair Transcenter from Monte Vista Avenue, installation of lighting and landscaping along the sidewalk and walkway, and associated construction of certain walkway improvements from Arrow Highway.

Estimated Project Cost: \$ 1,041,200
 Source of Funds: \$ 1,041,200 Project Area No. III Tax Exempt Bonds

- **Construction of Street Improvements to Implement North Montclair Downtown Specific Plan:** This project consists would construct a variety of street improvements in North Montclair that would assist in the implementation of the North Montclair Downtown Specific Plan Transit Oriented Development. Project elements would include design, landscape plans, street plans, engineering and costs associated with RFP and bid solicitation. The project would reconstruct Central Avenue from the I-10 Freeway to the City limits, reconstruct and install median and streetscape improvements on Arrow Highway from Central Avenue to Monte Vista Avenue, reconstruct Fremont Avenue including streetscape improvements from Arrow Highway to Moreno Street and reconstruct Moreno Street from Central Avenue to Monte Vista Avenue.

Estimated Project Cost: \$ 6,032,500
 Source of Funds: \$ 4,299,915 Project Area No. III Tax Exempt Bonds
 \$ 13,132 Project Area No. IV Tax Exempt Bonds
 \$ 1,719,347 Project Area No. V Tax Exempt Bonds

- **Complete Utility Undergrounding Project on Central Avenue from North City Limit to Richton Street:** The former City of Montclair Redevelopment Agency had begun a project to underground the overhead utilities on Central Avenue from Richton Street to the northern City limits. Payment was made to Southern California Edison Company for preparation of the plans. This project would complete the undergrounding process of this segment of Central Avenue with the bid solicitation and construction of the project.

Estimated Project Cost: \$ 385,000
 Source of Funds: \$ 385,000 Project Area No. III Tax Exempt Bonds

- **Landscape Central Avenue 1-10 Freeway On and Off Ramps:** This project would have the City work with the California Department of Transportation to obtain the appropriate permits and agreements to relandscape the Central Avenue on- and off-ramps at the I-10 Freeway. The current landscape consists of several pine trees and ice plant ground cover, which is dead in many areas. The landscape has become weed choked and unsightly. The sprinkler system installed by the state frequently lacks maintenance, causing jets of water to spray in the air until repairs can be made, which can take weeks or months. The City would seek to prepare landscape and irrigation plans subject to review by Caltrans and to relandscape the subject area with a water-saving landscape palette that would benefit the City's image. It is likely Caltrans would require the City to assume maintenance responsibility for the landscape upon its installation.

Estimated Project Cost: \$ 760,000
 Source of Funds: \$ 54,823 Project Area No. I Taxable Bonds
 \$ 705,177 Project Area No. V Tax Exempt Bonds

- **Alma Hofman Park Improvements:** The proposed improvements to Alma Hofman Park would involve construction or placement of a small building near the Skateboard Park to facilitate supervision of the skateboard park. The building would include a check-in counter, area for rental of equipment, and restroom. Persons using the Skateboard Park would be required to check in and check out through the staffed building. Supervision and management of the Skate Park would help to ensure that appropriate gear is worn by skateboarders. The facility would also allow for programming of events at the Skate Park, whereby trained staff could offer lessons, camps, and positive activities centered on physical fitness and personal development. Facilitating supervision of the Skate Park would greatly reduce the number of Police and Fire Department service calls to the Park.

Estimated Project Cost: \$ 128,000
 Source of Funds: \$ 128,000 Project Area No. 1 Taxable Bonds

- **Reeder Ranch Park Site:** The proposed project would construct a historical and cultural center park site on land owned by the former City of Montclair Redevelopment Agency. The location of the proposed park site is 4385 Holt Boulevard adjacent to the existing historical Reeder Ranch. Project costs would include architectural, engineering, landscape design costs, and costs associated with bid solicitation. A preliminary site plan of the park has been developed. Development

of the park site would include construction of a building that would act as a historical and cultural center regarding the City's citrus-related past to be owned and operated by the City. The facility would house artifacts related to the City's citrus heritage and development. The building would include restroom facilities. The City would partner with the Ontario-Montclair School District on development of programs to instruct school children about the City's past, sub-urban and urban development, and environmental issues. The facility would also include an outdoor amphitheatre for City/School District-sponsored community events. This amphitheatre would be used for environmental and healthy-eating programs associated with the community orchard (fruit park) and a community garden, to be developed onsite, where fresh fruits and produce would be furnished to children and the community at large. A parking lot would be constructed to serve the cultural center and the community activities associated with the city programs. **The planned use of this property is not a parking lot for the adjacent Reeder Foundation site; it is a community park with historical influences that would be an attraction to the community and beneficial to the local school system. Bond proceeds associated with this project would NOT be used for projects or programs at the adjoining Reeder Foundation site.**

Estimated Cost:	\$ 4,850,000
Source of Funds:	\$ 3,755,029 Project Area No. V Taxable Bonds
	\$ 1,094,971 Project Area No. V Tax Exempt Bonds

- Acquisition of 5326 San Bernardino Street:** Taxable bond proceeds would be used to acquire the property at 5326 San Bernardino Street. The property was purchased by the former Redevelopment Agency in 2003. The property houses the first City Hall structure for the City of Montclair. The property contains a single-family dwelling unit and garage with attached structures. The property is zoned C2-Restricted Commercial. The site can no longer be used for residential purposes. **The size and pie shape of the 5326 San Bernardino Street parcel make the site impossible to develop commercially.** The portion of the structure containing the original City Hall building gives the location and that structure some slight historical significance to the City. However, the site can only be sold and developed if it becomes part of a larger land assemblage. The property is located adjacent to a vacant pie-shaped commercial lot on the corner of Central Avenue and San Bernardino Street. The adjoining property has very limited development potential without the addition of the 5326 San Bernardino Street property.

The property also contains a number of illegal building additions. The property has not been tested for lead or asbestos. Given the age of the structures, lead and asbestos are likely to be found, making for costly demolition of the onsite structures. DOF has disallowed funds from the RPTTF for appraisal services for this property. Staff attempted to get an estimate of value of the location from a real estate professional, but the professional declined because of the development constraints on the property. Staff therefore looked back at the last valuation of the site. The total assessed value of the property was \$39,998. Of this value, \$21,900 was for the improvements. However, the improvements must be removed from the site because the property cannot be redeveloped residentially. Given demolition, asbestos abatement, and lead removal costs, the demolition cost of the structures is estimated to be \$30,000.

It is, therefore, suggested the value for the site would be approximately \$10,000 given the demolition costs.

The City would propose to purchase the site for \$10,000 from the Successor Agency. Upon sale, any proceeds would be sent to the County of San Bernardino for distribution to the taxing entities.

Estimated Cost:	\$	10,000
Source of Funds:	\$	10,000 Project Area No. V Taxable Bonds

Total Estimated Project Costs: \$ 14,221,700

Total Bond Proceed Costs: \$ 14,221,594

AGENDA REPORT

SUBJECT:	CONSIDER ADOPTION OF RESOLUTION NO. 14-06, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING AND ADOPTING A REVISED LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO SECTION 34191.5 OF THE CALIFORNIA HEALTH AND SAFETY CODE	DATE:	August 13, 2014
		SECTION:	BUSINESS ITEMS
		ITEM NO.:	B
		FILE I.D.:	OBO050
		DEPT.:	OVERSIGHT BOARD

REASON FOR CONSIDERATION: AB 1X 26 dissolved redevelopment agencies in the State of California effective February 1, 2012. On June 27, 2012, AB 1484 was enacted to make technical and substantive amendments to AB 1X 26. These laws are collectively referred to as the "Dissolution Act."

One of the responsibilities of the Successor Agency pursuant to the Dissolution Act is to prepare a Long-Range Property Management Plan that governs the disposition and use of the real properties of the former redevelopment agency. Pursuant to Health and Safety Code Section 34191.5, the Long-Range Property Management Plan shall be submitted to the Oversight Board and the Department of Finance (DOF) for approval no later than six months following the issuance to the Successor Agency of DOF's Finding of Completion. The Successor Agency to the City of Montclair Redevelopment Agency received a Finding of Completion from DOF on May 15, 2013; therefore, the deadline for submittal of the Long-Range Property Management Plan for the former City of Montclair Redevelopment Agency to DOF was November 14, 2013. The Oversight Board approved the original Long-Range Property Management Plan on November 13, 2013. Since that time, Successor Agency staff has been working with DOF on making certain changes and revisions to the Plan. It is hoped that these changes and revisions will result in approval of the Successor Agency's Long-Range Property Management Plan.

The Long-Range Property Management Plan for the Successor Agency to the City of Montclair Redevelopment Agency is included in the agenda packets for consideration. However, the Appendices to the Plan have not been included in the agenda because of their extraordinary length. Should anyone wish to view the Appendices, the documents are available for review by contacting Successor Agency staff.

BACKGROUND: The original plan for the disposition of assets contemplated in AB 1X 26 was the immediate sale and disposition of all redevelopment assets. However, pursuant to AB 1484, the disposition of assets became subject to the preparation of a Long-Range Property Management Plan that requires the approval of DOF. In general, the Long-Range Property Management Plan addresses the disposition and use of the real properties of the former redevelopment agency. The following components must be included in the Long-Range Property Management Plan:

1. Inventory of all properties in the Community Redevelopment Property Trust Fund ("Trust Fund"), established to serve as the repository of the former redevelopment

agency's real properties. The inventory shall consist of all the following information:

- a. **Date of acquisition** of the property, the value of the property at that time, and an estimate of the current value of the property
 - b. **Purpose** for which the property was acquired
 - c. **Parcel data** including address, lot size, and current zoning in the former redevelopment agency plan or specific, community, or general plan
 - d. **Estimate of the current value** of the parcel including, if available, any appraisal information
 - e. **Estimate of any lease, rental, or any other revenues** generated by the property and a description of the contractual requirements for the disposition of those funds
 - f. **History of environmental contamination**, including designation as a brownfield site and related environmental studies, and history of any remediation efforts
 - g. Description of the **property's potential for transit-oriented development and the advancement of the planning objectives** of the successor agency.
 - h. Brief history of **previous development proposals** and activity including the rental or lease of property
2. Address the use or disposition of all the properties in the Trust Fund. Permissible uses include:
- a. **Retention for governmental use** pursuant to subdivision (a) of Section 34181
 - b. **Retention for future development**
 - c. **Sale** of the property
 - d. **Use of the property to fulfill an enforceable obligation**
3. Separately identify and list properties in the Trust Fund dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all the following shall apply:
- a. If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.
 - b. If the plan directs the liquidation of property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subsection 3(a) above, the proceeds from the sale shall be distributed as property tax to the taxing entities.
 - c. Property shall not be transferred to a successor agency, city, county, or city and county unless the Long-Range Property Management Plan has been approved by the oversight board and DOF.

The Long-Range Property Management Plan for the Successor Agency to the City of Montclair Redevelopment Agency contains eight properties in the Community Redevelopment Property Tax Trust Fund. These properties and their recommended disposition are listed as follows:

<i>Property</i>	<i>Proposed Disposition</i>
8752 Monte Vista Avenue (Police Impound Center)	Transfer to the City for Governmental Use (One third of the site is leased to Metro Nissan)
4985 Richton Street (Montclair Transcenter)	Transfer to the City for Governmental Use and/or Future Development
9499 Monte Vista Avenue (Freedom Plaza Park)	Transfer to the City for Governmental Use
4960 Palo Verde Street (Metro Nissan Vehicle Sales Lot)	Offer for Sale to Metro Nissan or Continue Lease
5326 San Bernardino Street (Hurst property)	Sale to the City
4385 Holt Boulevard (Proposed Reeder Ranch Park site)	Transfer to the City for Governmental Use
No Street Address (Property remnant from Ramona Avenue Grade Separation Southeast corner State Street and Ramona Avenue)	Offer for Sale
9916 Central Avenue (Ontario-Montclair School District/City Resource Center)	Transfer to the City

As Oversight Board Members may recall, as a part of DOF's decision-making process, the Successor Agency for the City of Montclair Redevelopment Agency was faced with an unusual directive from DOF to list the 98 units sold to the Montclair Housing Corporation on the original Long-Range Property Management Plan. These housing units were purchased and rehabilitated by the former Redevelopment Agency with Low- and Moderate-Income Housing Funds. The 98 units contain 55-year deed restrictions for affordability; approximately 80 percent of the units are deed-restricted for very low-income families; and over 300 people currently reside in these units. In the opinion of Agency Special Counsel, these units should not be listed on the Long-Range Property Management Plan. In response to DOF's directive, the Oversight Board had adopted Resolution No. 13-10 on September 11, 2013, directing the transfer of the housing assets to the Montclair Housing Authority. Through adoption of Resolution No. 13-10, the Oversight Board officially objected to inclusion of the housing units in the Long-Range Property Management Plan.

After submittal of the Long-Range Property Management Plan to DOF, Successor Agency staff finally received notice from DOF (Attachment No. 1) indicating the housing assets could be transferred to the Montclair Housing Authority. Therefore, the revised Long-Range Property Management Plan now excludes these units.

Other changes in the Long-Range Property Management Plan after discussion with DOF include the following:

- The indication that if the property held at the Montclair Transcenter is ever sold, a Compensation Agreement with the taxing agencies would be developed and approved by the City and Taxing Agencies.
- The sale of the property at 5326 San Bernardino Street to the City. The original Long-Range Property Management Plan suggested this property be provided to the City for future development. DOF indicates that the property must be sold. The limited estimated sales value is based on the undevelopable nature of the parcel unless included with an adjoining property not owned by the City or Successor Agency.
- The inclusion of 9916 Central Avenue in the list of Long-Range Property Management Plan assets. Staff had originally listed this property as a housing asset because it was originally purchased with Low- to Moderate-Income Housing Funds. The former Redevelopment Agency had actually reimbursed the Housing Fund for acquisition of this site because it is used as a counseling resource center by the Ontario-Montclair School District for case management and is used by the City for operation of its *Por La Vida* Program.

With the changes requested by DOF to the Long-Range Property Management Plan, staff is requesting the Oversight Board consider adoption of Resolution No. 14-06 approving a Revised Long-Range Property Management Plan.

FISCAL IMPACT: There would be no cost associated with the Oversight Board action to consider adoption of the Long-Range Property Management Plan. If the Plan is approved by DOF, the consequences of implementing the Plan could result in the payment of revenue to the Bond Trustee for the Redevelopment Project Area No. V 2006 Tax Allocation Bonds to decrease tax allocation debt.

RECOMMENDATION: Staff recommends the Oversight Board of Directors adopt Resolution No. 14-06 approving and adopting a Revised Long-Range Property Management Plan pursuant to Section 34191.5 of the Health and Safety Code.



DEPARTMENT OF
FINANCE

Attachment No. 1

EDMUND G. BROWN JR. • GOVERNOR

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

December 13, 2013

Mr. Donald L. Parker, Finance Director
City of Montclair
5111 Benito Street
Montclair, CA 91763

Dear Mr. Parker:

Subject: Approval of Oversight Board Action

The City of Montclair Successor Agency (Agency) notified the California Department of Finance (Finance) of its September 11, 2013 Oversight Board (OB) resolution on September 12, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 13-10, directing the Agency to transfer certain housing functions and assets to the Montclair Housing Authority, is approved.

Finance approved the transfer of deed restrictions for 98 dwelling units (32 addresses) to the Montclair Housing Authority for low and moderate income housing purposes in the letter dated August 25, 2012 as an inclusion to the Housing Asset Transfer review. However, it is our understanding the title to these units were transferred to the Montclair Housing Corporation in April 2011 instead. While Finance is approving the transfer of the 98 dwelling units as housing assets, the Montclair Housing Authority needs to recover title to these properties from the Montclair Housing Corporation.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Marilyn Staats, Deputy City Manager, City of Montclair
Ms. Linda Santillano, Property Tax Manager, San Bernardino County
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office
California State Controller's Office

RESOLUTION NO. 14-06

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING AND ADOPTING A REVISED LONG-RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO SECTION 34191.5 OF THE HEALTH AND SAFETY CODE

WHEREAS, pursuant to Health and Safety Code Section 34175(b) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), all assets, properties, contracts, leases, books and records, buildings, and equipment of the former Community Redevelopment Agency (the "Agency") transferred to the control of the Successor Agency (the "Successor Agency") by operation of law; and

WHEREAS, pursuant to AB 26, all California redevelopment agencies were dissolved effective February 1, 2012; and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a long-range property management plan that addresses the disposition and use of the real property of the former Agency and which must be submitted to the Oversight Board for the Successor Agency (the "Oversight Board") and the Department of Finance (the "DOF") for approval no later than six months following the issuance by DOF to the Successor Agency of a finding of completion pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Section 34191.5 of the Health and Safety Code requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency; and

WHEREAS, Section 34191.3 of the Health and Safety Code states that if DOF has not approved the long-range property management plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to the successor agency. These sections govern the process by which property may be disposed; and

WHEREAS, the Successor Agency received DOF's Finding of Completion on May 15, 2013, and the Successor Agency's deadline for submitting the Oversight Board-approved Long-Range Property Management Plan to DOF was November 14, 2013; and

WHEREAS, the Successor Agency prepared the Long-Range Property Management Plan ("Plan") for the disposition of Successor Agency properties and the Oversight Board approved the Plan on November 13, 2013; and

WHEREAS, the Successor Agency submitted the Long-Range Property Management Plan to DOF on November 14, 2013; and

WHEREAS, DOF requested changes to the original Long-Range Property Management Plan; and Successor Agency staff has incorporated those changes into the Revised Long-Range Property Management Plan; and

WHEREAS, the Oversight Board has reviewed the Revised Long-Range Property Management Plan attached to this Resolution as Exhibit A; and

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to submit the Long-Range Property Management Plan to the Oversight Board and Department of Finance for review and approval no later than six months following DOF's issuance to the Successor Agency of a Finding of Completion pursuant to Health and Safety Code Section 34279.7 and this submittal has been completed.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board to the Successor Agency to the City of Montclair Redevelopment Agency does hereby find and determine as follows:

Section 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Approval of the Revised Long-Range Property Management Plan through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act. The Successor Agency Secretary is authorized and directed to file a Notice of Exemption with the appropriate official of the County of San Bernardino, California, within five (5) days following date of adoption of this Resolution.

Section 3. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency hereby approves and adopts the Revised Long-Range Property Management Plan in substantially the form attached to this Resolution as Exhibit A.

Section 4. The Oversight Board hereby directs the Successor Agency Executive Director or his designee to take any and all action necessary to carry out the purposes of this Resolution and comply with applicable law regarding preparation of the Revised Long-Range Property Management Plan by the Oversight Board; the Successor Agency Executive Director or his designee is hereby authorized and directed to submit such Revised Long-Range Property Management Plan to DOF, the County of San Bernardino Administrative Officer, and the San Bernardino County Auditor-Controller pursuant to Health and Safety Code Sections 34180(j) and 34191.5.

Section 5. If any provisions of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provisions or applications; and to this end, the provisions of the Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 6. The Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Secretary shall certify to the adoption of this Resolution.

Section 7. This Resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED this XX day of XXX 2014

Chairman

ATTEST:

Secretary

I, Yvonne L. Smith, Secretary of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency, DO HEREBY CERTIFY that Resolution No. 14-06 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XX day of XX, 2014, and that it was adopted by the following vote, to-wit:

AYES: XX
NOES: XX
ABSTAIN: XX
ABSENT: XX

Yvonne L. Smith
Secretary