

**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, September 10, 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

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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 Regular Oversight Board Meeting of August 13, 2014

IV. BUSINESS ITEMS

- A. Consider Adoption of Resolution No. 14-07, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Approving a Recognized Obligation Payment Schedule for January 1, 2015, Through June 30, 2015, Pursuant to California Health and Safety Code Section 34179, Division 24, Part 1.85, and Authorizing Posting and Transmittal Thereof 3
- B. Consider Adoption of Resolution No. 14-08, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency Approving the Successor Agency's Proposed Administrative Budget for January 1, 2015, Through June 30, 2015, Pursuant to California Health and Safety Code Section 34177(J) 8
- C. Verbal Report on Potential to Refund Tax Allocation Bonds Issued Prior to 2011

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 October 8, 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, Andrea M. Phillips, 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 September 4, 2014.

AGENDA REPORT

SUBJECT: CONSIDER ADOPTION OF RESOLUTION NO. 14-07, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2015, THROUGH JUNE 30, 2015, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179, DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF	DATE: September 10, 2014 SECTION: BUSINESS ITEMS ITEM NO.: A FILE I.D.: OBO050 DEPT.: OVERSIGHT BOARD
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REASON FOR CONSIDERATION: Pursuant to Section 34177 of the Health and Safety Code, the Successor Agency is required to submit its Recognized Obligation Payment Schedule (ROPS) to the Oversight Board for consideration and approval. With the adoption of AB 1484, the State Legislature changed the dates for submittal of the ROPS. An Oversight Board-approved ROPS for the period from January 1 2015, through June 30, 2015, must be sent to the Department of Finance (DOF) and County Auditor–Controller no fewer than 90 days before the date of property tax distribution. A penalty of \$10,000 per day for each day the ROPS is delinquent was added to the Health and Safety Code pursuant to AB 1484.

A copy of proposed Resolution No. 14–07 approving ROPS 14–15B is attached for the Oversight Board's review and consideration.

BACKGROUND: The California Supreme Court's decision in *California Redevelopment Association, et. al., v. Matosantos* upheld AB X1 26, the Dissolution Act. The Dissolution Act has caused the dissolution of all California redevelopment agencies. On January 12, 2012, the City of Montclair City Council elected to become and serve as the Successor Agency to the City's dissolved redevelopment agency. The City is performing its functions as the Successor Agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to review and approval by the seven-member Oversight Board.

As part of the Dissolution Act as reformed by the Supreme Court, each Successor Agency was to adopt a draft Recognized Obligation Payment Schedule (ROPS) before March 1, 2012. The ROPS, as defined by the Dissolution Act, means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period. As the Oversight Board knows, the initial ROPS was provided to the County and State on April 15, 2012. The Oversight Board took action to approve the initial ROPS on April 25, 2012. The Oversight Board took action to approve the ROPS for July 1, 2012, through December 31, 2012, on May 9, 2012. The ROPS for January 1, 2013, through June 30, 2013, was approved by the Oversight Board on August 21, 2012. The ROPS for the period from July 1, 2013, through December 31, 2013, was approved by the Oversight Board on February 27, 2013. The Oversight Board approved the ROPS for January 1, 2014, through June 30, 2014, on September 11, 2013. Lastly, the ROPS 14–15A (July 1, 2014 through December 31, 2014) was approved by the Oversight

Board on February 26, 2014.

On February 18, 2014, the Governor signed AB 471 as urgency legislation, so it is effective immediately. This legislation specified that Housing Authorities could receive a "housing administrative cost allowance." This allowance is to be up to 1 percent of the property taxes allocated to the Redevelopment Obligation Retirement Fund (RORF) but not less than \$150,000 per fiscal year. The Montclair Housing Authority is the successor housing entity and administers the low- and moderate-income properties that were held by the former redevelopment agency. Theoretically, the Montclair Housing Authority would qualify for the prescribed minimum of \$150,000. However, on ROPS 14-15A this item was denied by DOF claiming the legislation only applied to County Housing Authorities. Since this matter is being disputed, staff believes it is prudent to include the minimum allocation of \$150,000 due to the Montclair Housing Authority on the ROPS until this matter is resolved.

With the date of October 1, 2014, as the deadline for submittal of the ROPS for January 1, 2015, through June 30, 2015, staff is requesting the Oversight Board to consider approval of the ROPS submitted for this period by adoption of proposed Resolution No. 14-07.

FISCAL IMPACT: The Oversight Board's approval of proposed ROPS 14-15B would authorize the repayment of former City of Montclair Redevelopment Agency obligations. Oversight Board approval of the ROPS would also allow the City of Montclair to recover administrative costs related to dissolution activities. Approval of the ROPS by the Oversight Board would be subject to review as to accuracy by an auditor designated by the County Auditor-Controller's Office. In addition, all actions of the Oversight Board do not become effective for five business days, pending review by the Department of Finance.

RECOMMENDATION: Staff recommends the Oversight Board adopt Resolution No. 14-07, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency approving a Recognized Obligation Payment Schedule for January 1, 2015, through June 30, 2015, pursuant to California Health and Safety Code Section 34179, Division 24, Part 1.85, and authorizing posting and transmittal thereof.

RESOLUTION NO. 14-07

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2015, THROUGH JUNE 30, 2015, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179, DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF

WHEREAS, The City of Montclair Redevelopment Agency ("Agency") was established as a redevelopment agency that was previously organized and existing under California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.*, ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Montclair ("City"); and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by Resolution considered and approved by the City Council at an open public meeting, the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179, the Successor Agency's Oversight Board has been formed and the initial meeting has occurred on April 25, 2012; and

WHEREAS, the State Legislature approved and the Governor signed AB 1484 on June 29, 2012; and

WHEREAS, AB 1484 changed the date for submittal of the ROPS to no fewer than 90 days before the date of property tax distribution and included a \$10,000 per day fine for each day the ROPS is delinquent; and

WHEREAS, the ROPS for January 1, 2015, through June 30, 2015, must be submitted to the County and State by October 1, 2014; and

WHEREAS, the Oversight Board is requested to adopt the ROPS for January 1, 2015, through June 30, 2015, on September 10, 2014, and to authorize the Successor Agency to post the ROPS on the City/Successor Agency website and transmitted the ROPS to the County Auditor–Controller, the State Department of Finance ("DOF"), and the State Controller's Office; and

WHEREAS, pursuant to the Dissolution Act, the actions of the Oversight Board, including those approved by this Resolution, do not become effective for five (5) business days pending any request for review by DOF; and if DOF requests review hereof, DOF will have 45 days from the date of its request to approve this Oversight Board action.

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

Section 1. The Oversight Board finds and determines that the foregoing recitals incorporated into this Resolution by this reference are true and correct and constitute a material part of this Resolution.

Section 2. The Oversight Board approves the ROPS for the period of January 1, 2015, through June 30, 2015.

Section 3. The Oversight Board authorizes the Successor Agency to transmit the ROPS to the County Auditor–Controller, DOF, and the State Controller's Office.

Section 4. The Secretary of the Successor Agency or her authorized designee is directed to post the ROPS on the City/Successor Agency website pursuant to the Dissolution Act.

Section 5. This Resolution shall become effective after transmittal of this Resolution with the ROPS attached to DOF and the expiration of five (5) business days pending a request for the review of DOF within the time periods set forth in the Dissolution Act; in this regard, if DOF requests review hereof, it will have ten days from the date of its request to approve this Oversight Board action or return it to the Oversight Board for reconsideration and the action, if subject to review by DOF, would not be effective until approved by DOF.

Section 6. The Secretary of the Oversight Board shall certify to the adoption of this Resolution and shall maintain this Resolution on file as a public record and the ROPS as approved hereby.

APPROVED AND ADOPTED this XXth 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. 14-07 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XXth day of XXX, 2014, and that it was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Yvonne L. Smith
Secretary

AGENDA REPORT

SUBJECT:	CONSIDER ADOPTION OF RESOLUTION NO. 14-08, A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY'S PROPOSED ADMINISTRATIVE BUDGET FOR JANUARY 1, 2015, THROUGH JUNE 30, 2015, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34177(j)	DATE:	September 10, 2014
		SECTION:	BUSINESS ITEMS
		ITEM NO.:	B
		FILE I.D.:	OBO050
		DEPT.:	OVERSIGHT BOARD

REASON FOR CONSIDERATION: Section 34177(j) of the California Health and Safety Code related to the dissolution of redevelopment agencies requires that a successor agency "prepare a proposed administrative budget and submit it to the oversight board for its approval." The proposed Successor Agency's Administrative Budget for January 1, 2015, through June 30, 2015, has been prepared for consideration by the Oversight Board and is attached to Resolution No. 14-08.

BACKGROUND: The Oversight Board approved an Administrative Budget for the period from February 1, 2012, through June 30, 2012, on April 25, 2012. The Oversight Board approved the Administrative Budget for the period from July 1, 2012, through December 31, 2012, on June 13, 2012. The Administrative Budget for the period from January 1, 2013, through June 30, 2013, was approved by the Oversight Board on August 27, 2012. On February 27, 2013, the Oversight Board approved the Administrative Budget for July 1, 2013, through December 31, 2013. The Administrative Budget for the period from January 1, 2014, through June 30, 2014, was approved by the Oversight Board on September 11, 2013. The last approval of the Administrative Budget for July 1, 2014 through December 31, 2014 was made by the Oversight Board on February 26, 2014. The Oversight Board is requested to consider adoption of Resolution No. 14-08 approving the Administrative Budget for January 1, 2015, through June 30, 2015.

The Administrative Budget proposes that the Successor Agency would receive approximately \$125,000 from the Redevelopment Property Tax Trust Fund for administrative expenses. During the period from July 1, 2015, through June 30, 2015, staff anticipates spending time dealing with the actual disposition of former Redevelopment Agency assets should the Department of Finance (DOF) finally approve the Long Range Property Management Plan.

Pursuant to the California Health and Safety Code and upon approval of the Oversight Board, the Successor Agency will provide the administrative cost estimates to the County of San Bernardino that are to be paid from property tax trust fund revenues deposited into the Redevelopment Property Tax Trust Fund for the period from January 1, 2015, through June 30, 2015.

FISCAL IMPACT: The Oversight Board's approval of the Administrative Budget would allow the Successor Agency to be reimbursed for the administrative costs related to dissolution activities.

RECOMMENDATION: Staff recommends the Oversight Board adopt Resolution No. 14-08, a Resolution of the Oversight Board for the Successor Agency to the City of Montclair Redevelopment Agency approving the Successor Agency's proposed Administrative Budget for January 1, 2015, through June 30, 2015, pursuant to California Health and Safety Code Section 34177(j).

RESOLUTION NO. 14-08

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF MONTCLAIR REDEVELOPMENT AGENCY APPROVING THE SUCCESSOR AGENCY'S PROPOSED ADMINISTRATIVE BUDGET FOR JULY 1, 2014, THROUGH DECEMBER 31, 2014, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34177(j)

WHEREAS, the City of Montclair Redevelopment agency ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Montclair ("City"); and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by Resolution considered and approved by the City Council at an open public meeting, the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

WHEREAS, Section 34179 of the Dissolution Act provides that the Successor Agency shall have an Oversight Board composed of seven members; and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, the State Legislature passed and the Governor signed AB 1484 into State law on June 29, 2012; and

WHEREAS, AB 1484 establishes a schedule for adoption of the Recognized Obligation Payment Schedules; and

WHEREAS, pursuant to Section 34177(j), the Successor Agency's "Administrative Budget" is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the upcoming six-month fiscal period; (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the city serving as Successor Agency; and

WHEREAS, the Successor Agency's proposed Administrative Budget has been submitted to the Oversight Board for its review and approval; and

WHEREAS, the Administrative Budget, as approved by the Oversight Board, will be provided to the County of San Bernardino Auditor-Controller pursuant to Section 34177(k) so that the Successor Agency's estimated administrative costs in the approved Administrative Budget will be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund for the six-month period from January 1, 2015, through June 30, 2015; and

WHEREAS, the Oversight Board desires to approve the Successor Agency's proposed Administrative Budget; and

WHEREAS, pursuant to the Dissolution Act, the actions of the Oversight Board, including those approved by this Resolution, do not become effective for five (5) business days pending any request for review by the DOF; and if the DOF requests review hereof, DOF will have 45 days from the date of its request to approve this 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.

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

Section 1. The foregoing recitals are incorporated into this Resolution by reference, and constitute a material part of this Resolution.

Section 2. Pursuant to the Dissolution Act, the Oversight Board approves the Successor Agency's proposed Administrative Budget, attached hereto as Attachment No. 1 and incorporated by this reference.

Section 3. The Oversight Board authorizes the Successor Agency to transmit the Administrative Budget and Cost Reimbursement Agreement when/if approved and entered into between the City and the Successor Agency, to the County Auditor-Controller, the State Department of Finance ("DOF"), and the State Controller's Office.

Section 4. This Resolution shall be become effective after transmittal of this Resolution with the ROPS attached to the DOF and the expiration of five (5) business days pending a request for the review of the DOF within the time periods set forth in the Dissolution Act; in this regard, if the DOF requests review hereof it will have 45 days from the date of its request to approve this 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 the DOF.

Section 5. The Secretary of the Oversight Board shall certify to the adoption of this Resolution

APPROVED AND ADOPTED this XXth 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. 14-08 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the XXth day of XXX, 2014, and that it was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Yvonne L. Smith
Secretary

**Successor Agency for the Redevelopment Agency of the City of Montclair
Administrative Budget
January 1 to June 30, 2015
Attachment No. 1**

Approved by Oversight Board on

Administrative Allowance

Staff Costs	% of Staff Time	Six Month Amount
City Manager	5.0%	7,957
Deputy City Manager	40.0%	45,282
Finance Director	15.0%	13,644
Finance Supervisor	5.0%	2,307
Accountant	10.0%	3,889
Office Specialist	5.0%	1,696
Deputy City Clerk	20.0%	8,094
Sub-Total		82,869
Administrative Costs		
Utilities (Electric, Water, Gas, Telephone)		4,000
Retiree Pension Costs		17,241
Office Supplies/Postage		200
First Tennessee Bank Safekeeping		700
Sub-Total		22,141
Insurance Costs		
Share of City liability insurance, public employee bonds, etc.		5,000
Sub-Total		5,000
Legal Costs		
Robbins & Holdaway		1,000
Stradling, Yocca, Carlson, & Rauth		5,000
Edward Z. Kotkin		5,000
Sub-Total		11,000
Unallocated		
Unallocated administration to fund overages in other categories		3,990
Sub-Total		3,990
TOTAL SIX MONTH ROPS AMINISTRATIVE ALLOWANCE COSTS		125,000

Enforceable Obligations

Staff Costs	% of Staff Time		Six Month Amount
<u>Long Range Property Management Costs</u>			
Deputy City Manager	5.0%	Rounded	6,000
Finance Director	4.0%	Rounded	4,000
Sub-Total			10,000
<u>Bond Indenture Reporting Requirements</u>			
Finance Director	5.0%	Rounded	5,000
Sub-Total			5,000
TOTAL SIX MONTH ROPS ENFORCABLE OBLIGATION COSTS			15,000

**MINUTES OF THE REGULAR MEETING OF THE
OVERSIGHT BOARD FOR THE SUCCESSOR
AGENCY TO THE CITY OF MONTCLAIR REDE-
VELOPMENT AGENCY HELD ON WEDNESDAY,
AUGUST 13, 2014, AT 6:00 P.M. IN THE CITY
COUNCIL CHAMBERS, 5111 BENITO STREET,
MONTCLAIR, CALIFORNIA**

I. PRELIMINARY MATTERS

A. Call to Order

Chairman Ruh called the meeting to order at 6:00 p.m. and asked that everyone please silence their electronic devices as a courtesy to others while the meeting is in session.

B. Roll Call

Present: Chairman Ruh; Board Members Valencia (alternate for Catlin), Hillman, Kulbeck, Richardson; Oversight Board Counsel Kotkin; Deputy City Manager/Economic Development Executive Director Staats; Finance Director Parker; Successor Agency Counsel Huebsch; Secretary Phillips

Absent: Vice Chairperson Johnson (arrived at 6:03 p.m.); Board Member Erickson

II. PUBLIC COMMENT - None

III. APPROVAL OF MINUTES

A. Minutes of Regular Oversight Board Meeting of February 26, 2014

Moved by Board Member Richardson, seconded by Board Member Piotrowski, and carried to approve the minutes of the Oversight Board special meeting of February 26, 2014.

At 6:03 p.m., Vice Chairperson Johnson arrived at the meeting.

IV. BUSINESS ITEMS

A. 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

Deputy City Manager/Economic Development Executive Director Staats explained that the former redevelopment agency's outstanding bonds issued prior to 2011 are subject to use by the Successor Agency if all obligations to taxing agencies have been satisfied as determined by the state Department of Finance (DOF). She advised that this determination was made by DOF on May 15, 2013; however, the issue was not brought to the Oversight Board at that time because some of the areas in which the Successor Agency intends to spend the bonds relate to the Long Range Property Management Plan (LRPMP). She noted the Oversight Board approved the LRPMP in November of 2013, which was sent to DOF at that time and now, after several DOF-recommended revisions, seems to meet with their approval. She noted the revised LRPMP is now ready to be approved by the Oversight Board as the next item on the agenda.

Deputy City Manager/Economic Development Executive Director Staats reviewed the list of bonds, noting there is approximately \$14.2 million in bond proceeds the Successor Agency plans to expend in a way that meets with the bonds' indentures. She noted the Oversight Board's approval of Resolution No. 14-05 would essentially allow the Successor Agency to enter into an agreement with the City for the transfer of the excess bond proceeds to the City. In order to spend the bond proceeds, an enforceable obligation on the Recognized Obligation Payment Schedule (ROPS) needs to be shown, which would then allow the City to expend the bond proceeds in accordance with the Successor Agency's intent for those funds.

Deputy City Manager/Economic Development Executive Director Staats reviewed the bond-eligible purposes for the expenditure of bond proceeds listed in "Exhibit B" of Resolution No. 14-05, noting most are public improvement projects.

Successor Agency staff fielded Board Member questions related to the disposition of certain properties on the list, particularly the \$10,000 estimated cost for 5326 San Bernardino Street.

Oversight Board Counsel Kotkin concurred with staff's position on its low valuation of 5326 San Bernardino Street due to the physical state and restricted usage of the property. He stated that staff has expressed their rationale with respect to that aspect of the plan and that the Oversight Board may act as the arbiters in determining whether that rationale is reasonable.

Finance Director Parker added that once the LRPMP is approved by DOF, the Successor Agency would proceed to conducting the sales

of properties listed and, at that time, the Oversight Board could take action to approve or disapprove those sales.

Oversight Board Counsel Kotkin noted if the Oversight Board disallows the Successor Agency from selling a parcel, it will simply transfer up to the County which will ultimately end up holding an aggregation of unsellable parcels.

Vice Chairperson Johnson noted that, as Chair of the Planning Commission, she has heard several cases related to this property and the only companies with any interest in the property have been cell phone companies desiring to build cell towers, which they ultimately did not pursue.

Moved by Vice Chairperson Johnson and seconded by Board Member Piotrowski that Resolution No. 14-05, entitled, "**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,**" be read by number and title only, further reading be waived, and it be declared adopted.

The Oversight Board waived the reading of the Resolution.

Resolution No. 14-05 was adopted by the following vote:

AYES: Richardson, Kulbeck, Hillman, Valencia, Johnson, Ruh
NOES: None
ABSTAIN: None
ABSENT: Erickson

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

Deputy City Manager/Economic Development Executive Director Staats noted the LRPMP was first approved by the Oversight Board in November of 2013, and has since been revised as a result of several discussions with DOF.

Deputy City Manager/Economic Development Executive Director Staats clarified the status and possible future disposition of properties that exist on the revised LRPMP.

1. **4985 Richton Street (Montclair Transcenter)** - She noted **San Bernardino Associated Governments (SANBAG)** jointly owns a title of the property at 4985 Richton Street with the Successor Agency, and the City operates a daycare facility on a portion of the parcel located within the Transcenter. DOF indicated that the City is required to enter into a compensation agreement with the taxing agencies in the event that the property is ever sold. Fifty percent of the proceeds would be distributed to the taxing agencies and the other half would be **SANBAG's** portion.
2. **9916 Central Avenue** - She noted this property was previously misallocated as a housing asset in the LRPMP, although it should have been listed as governmental asset. The property is used by the **Ontario-Montclair School District** for family counseling and the City of Montclair's **Por La Vida** nutrition education program. She added DOF had no problem with this revision.

Finance Director Parker added the acquisition of this property did not involve Redevelopment funds, however DOF still requires that any proceeds be transferred upon sale because the property was in the former redevelopment agency's possession.

Board Member Valencia inquired as follows:

1. What happens if the property is transferred for nongovernmental purposes? Is there a transaction that occurs at that point for compensation to the taxing entities?

Finance Director Parker explained the intent of the agreements with the taxing entities relates to the potential future sale of the properties; however, most properties are being transferred for governmental use, such as Freedom Plaza Park, which has a minimal potential for sale or private use because of the difficulty of undedicating a park. However, any time there has been a potential for sale, there is an intent to negotiate with the taxing entities or, if funded with bond proceeds, to return any money to the trustees to defease the bonds.

2. Will these compensation agreements only be executed at this time for the properties being sold?

Finance Director Parker stated there is confusion among cities concerning what these agreements actually are. Currently proceeds are sent to the county, which distributes them among the taxing entities presumably based upon the tax rates of those entities; however, it seems taxing entities in some areas are having disagreements in the allocation of the proceeds. DOF seems to be solely concerned with developing

the intent of the compensation agreements.

Board Member Valencia noted that government agencies could transfer properties to another government agency but, at some point, the property will eventually come up for sale for nongovernmental use. She asked if the deed of the property could reflect the existence of a compensation agreement with the taxing entities so that they are not left out when it eventually comes up for sale.

Successor Agency Counsel Huebsch clarified there are three types of properties in these LRPMPs: those operating under governmental use, those put up for sale ("on the block"), and those transferred to cities for future redevelopment. The state statute regarding these specified properties indicates governmental use properties would be disseminated to the host jurisdiction with no payment; net proceeds of those put up for sale would go to the County Auditor–Controller to be factored out among taxing agencies; and those acquired by cities for governmental use have been interpreted in an odd way by DOF, which holds that proceeds from the eventual sale of such properties goes to taxing agencies, which is very controversial and contrary to what is contained in the statute. This requires cities that want to retain properties for future redevelopment to commit to entering into compensation agreements with all taxing agencies. He noted this is an odd reading of the statute because the Oversight Board acts as fiduciaries for taxing agencies and entering into agreements with small special districts that hold few board meetings hardly makes sense and constitutes an aggressive and unreasonable reading of the statute by DOF. If a property is not retained for redevelopment purposes but is being sold, there is no need for compensation agreements. He noted he is not surprised that some successor agencies have foregone the redevelopment option because it would only further frustrate, delay, and complicate future sale or even devalue the sale by injecting delay and uncertainty. Unfortunately, it is a very odd process with inconsistencies from jurisdiction to jurisdiction, which is mostly a result of different assigned DOF analysts providing different determinations, interpretations, and recommendations to successor agencies.

Moved by Vice Chairperson Johnson and seconded by Board Member Hillman that Resolution No. 14–06, entitled, "**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,**" be read by number and title only, further reading be waived, and it be declared adopted.

The Oversight Board waived the reading of the Resolution.

Resolution No. 14-06 was adopted by the following vote:

AYES: Richardson, Kulbeck, Hillman, Valencia, Johnson, Ruh
NOES: None
ABSTAIN: None
ABSENT: Erickson

V. COMMUNICATIONS

A. Staff

1. Deputy City Manager/Economic Development Executive Director Staats noted the Oversight Board will meet in September for its regular meeting to review the ROPS.
2. Finance Director Parker advised he has spoken with a bond underwriter to review the redevelopment agency bond issues and determine if any savings can be generated by refunding those bonds. He noted he expects a report indicating the status of those bonds that will determine whether the bonds are worth refunding, which he will share with the Oversight Board. He added that a drawback of refunding the bonds is that it would place an administrative burden on the Successor Agency because the administrative allocation limit has already been reached. Therefore, if there is a substantial savings from refunding the bonds, which would benefit the taxing entities at the expense of the Successor Agency, which will incur all administrative costs at a minimal return, the Successor Agency may ask the Oversight Board if their respective agencies would be willing to reimburse the Successor Agency for those associated costs.

B. Chairman and Members

1. Chairman Ruh thanked Board Members for their service this evening.

VI. ADJOURNMENT

At 6:44 p.m., Chairman Ruh adjourned the Oversight Board of Directors.

Submitted for Oversight Board approval,



Andrea M. Phillips
Secretary