1. Meeting Items For January 10, 2013

    Meeting items for January 10, 2013.

    Documents: NON-HOUSING DUE DILIGENCE OB STAFF REPORT 1.10.13.PDF, OB AGENDA- SPECIAL MTG 1-10-13 FINAL.PDF, OVERSIGHT BOARD NON-HOUSING DUE DILIGENCE RESOLUTION.PDF

Staff Report Monterey Park Oversight Board

Item No. 4

DATE: January 10, 2013

TO: MEMBERS OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

FROM: DONNA RAMIREZ, ACTING ECONOMIC DEVELOPMENT SPECIALIST ON BEHALF OF THE SUCCESSOR AGENCY

SUBJECT: APPROVAL OF A RESOLUTION APPROVING A DUE DILIGENCE REVIEW OF THE NON-HOUSING ASSETS OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

SUMMARY

AB 1484 requires that Successor Agencies prepare a review of the non-housing assets of the former redevelopment agency to determine the final amount of funds available for distribution to the various taxing entities. That final amount is the amount remaining after taking into account any financial obligations of the former redevelopment agency that the successor agency must meet.

AB 1484 requires the Oversight Board to hold a Public Meeting and provide for public comment at least five (5) days prior to voting on it. The Oversight Board held the Public Meeting on January 3, 2013.

DOF will have until April 1, 2013, to review the Due Diligence Review and provide its determination to the Successor Agency. Within five days after DOF's determination the Successor Agency must transmit any unobligated funds to the County Auditor-Controller. If the Successor Agency does not agree with DOF's determination, it can submit a request to meet and confer. As outlined in AB 1484, the meet and confer process would take no longer than 30 days. During this period the requirement to transmit funds to the County Auditor-Controller would be suspended until the meet and confer process is completed. If the Oversight Board misses its respective deadline of January 15, 2013, it may cause DOF to delay its determination, which could result in an offset of sales and use tax or property tax against both the Successor Agency and City.

DISCUSSION

On January 3, 2013 the Oversight Board received the due diligence review performed by the firm of Pun & McGeady, LLP. At that time, the Board opened the public comment period to hear any concerns. The review covered periods of fiscal years 2010-2013 and included the following procedures agreed to by the California State Controller's Office and the California State Department of Finance to determine the unobligated cash and cash equivalents available for disbursement to taxing entities.

1) Reviewed and identified the amount of the assets transferred from the former redevelopment agency to the Successor Agency on February 1, 2012.

   Results: Exhibit A of the due diligence review displays total assets of $37,166,568 being transferred to the Successor Agency on 2/1/2012.

2) Reviewed and obtained the legal document for transfers from the former redevelopment agency or the Successor Agency to the City or County for the period January 1, 2011 through June 30, 2012.

   Results: There are two key categories of transfers shown in Exhibit B of the due diligence review:

   (a) <u>Capital Assets and Land</u>. The transfer was done according to the <u>Property Disposition Plan</u> which was approved by the Successor Agency, Oversight Board, and Department of Finance.

   (b) <u>Catch-up Pension Override Payments</u>. These pension override amounts were not set aside or remitted to the City for fiscal years 1983-84 through 2007-08.

   Exhibit B also displays total assets, liabilities, and equity for the Successor Agency as of June 30, 2012.

3) Reviewed and ascertained any other transfers from the former redevelopment agency or the Successor Agency to any other public agency or to private parties for the period from January 1, 2011 through June 30, 2012.

   Results: There were no such transfer occurrences.

4) Obtained and listed all assets of the Successor Agency as of June 30, 2012, excluding the LMIHF.

   Results: Exhibit C of the due diligence review displays all assets of the Successor Agency as of June 30, 2012. The total assets of $36,104,200 include cash, cash held by fiscal agent, bond interest receivables, ATS Mezzanine loan, and land.

5) Obtained, reviewed, and complied the listing of restricted assets as of June 30, 2012.

   Results: Exhibit D displays the asset balances which are restricted for various purposes as of June 30, 2012. Total restricted assets of $18,044,736 include: *Unspent 2002 Tax Increment Bonds $5,598,786, 2002 Tax Increment Bonds Reserve $1,692,835, 1998 Tax Increment Bonds Reserve $778,115, Atlantic Times Square DIR litigation costs $75,000; and Atlantic Times Square litigation escrow fund $9.9 million.* While the Atlantic Times Square matter has been settled (and certain funds identified spent pursuant to the Settlement Agreement), the matter was settled after the applicable review period of the due diligence review.

6) Obtained and verified non-liquidated assets as of June 30, 2012, which are not available for distribution.

   Results: Exhibit E of the due diligence review lists non-liquidated assets for a total amount of $11,496,937, which is not available for distribution. These include Atlantic Times Square Mezzanine Loan, $5,850,000, Hotel site, $4,233,000, and W Garvey lot, $1,413,937.

7) Prepared and computed a schedule detailing the *Balance Available for Allocation to Affected Taxing Entities.*

   Results: Exhibit F of the due diligence review displays the computation of the available amount to be remitted by the Successor Agency to the County for disbursement to various taxing entities. The amount is ***$1,411,629.***

FISCAL IMPACT

The Successor Agency will pay the unencumbered balance of the Successor Agency Fund, totaling ***$1,411,629*** to the taxing entities, as required pursuant to AB 1x26 and AB 1484.

RECOMMENDATION

It is recommended that the Oversight Board:

1. Approve the Resolution approving the Due Diligence Review of the non-housing assets of the Successor Agency;
2. Direct staff to forward the approved Due Diligence Review to the various agencies.

Approved:

_______________________________ _______________________________

Donna M. Ramirez
Economic Development Specialist

Paul Talbot
City Manager

Attachments:

1. Due Diligence Review of the Successor Agency's non-housing assets
2. Resolution approving the Due Diligence Review of the Successor Agency's non-housing assets

OVERSIGHT BOARD AGENDA

City of Monterey Park, California

Oversight Board to the City of Monterey Park SA
Acting on behalf of the Former Redevelopment Agency

Special Meeting

Thursday, January 10, 2013
9:00 a.m.

Monterey Park City Hall, Room 266, Second Floor
320 West Newmark Avenue, Monterey Park, CA 91754

Staff reports, writings, or other materials related to an item on this Agenda, which are distributed to the Monterey Park Oversight Board less than 72 hours before this scheduled meeting shall be available for public inspection in the City Clerk's Office located at 320 West Newmark Avenue, Monterey Park, CA 91754, during normal business hours. Such staff reports, writings, or other materials are also on the City's website subject to staff's ability to post the materials before the meeting. The City's website is located at http://ci.monterey-prk.ca.us/home/index.asp.

PUBLIC COMMENTS ON AGENDA ITEMS
Any member of the public wishing to address the Oversight Board regarding any item on this Agenda will need to fill out a speaker card and then please return it to the City Clerk prior to the announcement of the Agenda Item.
Speakers are afforded five (5) minutes per individual on each published agenda item. The Public will be allowed consolidation with another speaker's time not to exceed two (2) minutes for each speaker wishing to forego his or her opportunity. However in the interest of ensuring that all members of the Public have an equal opportunity to participate, a single speaker cannot speak for more than ten (10) minutes on the individual Agenda item. In the event that there are a large number of speakers on a particular agenda item, the Oversight Board may in the interest of being able to timely conduct business reduce the amount of time allotted to each speaker and/or limit the total amount time allowed for speakers to address the agenda item. At the conclusion of that period of time, the speaker will be asked to please conclude their remarks so that the next speaker may begin their comments.

In accordance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call City Hall, (626) 307-1359. Please notify the City Clerk's Office twenty-four hours prior to the meeting so that reasonable arrangements can be made to ensure availability of audio equipment for the hearing impaired. Conference room 266 is wheelchair accessible.

Copies of staff reports and/or written documents pertaining to any item on the Agenda are on file in the Office of the City Clerk and are available for public inspection during regular business hours.

PLEASE NOTE that this Agenda includes items considered by the Oversight Board acting on behalf of the Successor Agency of the former Monterey Park Redevelopment Agency which dissolved February 1, 2012.

CALL TO ORDER

FLAG SALUTE

ROLL CALL: Paul Talbot, Robert Lee Gin, Michael D. Hamner, Cheryl Plotkin, Annie Yaung, Clara M. Solis, John Leung

1. AGENDA ADDITIONS, DELETIONS, CHANGES AND ADOPTION

Items on the Consent Calendar are considered to be routine, ongoing business and will be enacted by one motion. There is no separate discussion on consent items unless a Oversight Board Member/SA Staff member or citizen so requests, in which event the item is removed from the Consent Calendar and considered separately. Individuals wishing to address the Oversight Board/SA Staff Member on any item must first complete a speaker cared provided by the Oversight Board Secretary and must return it to the Oversight Board Secretary prior to the to the Board's/SA Staff's consideration of the Consent Calendar. The Oversight Board Secretary will not accept cards after the item has been taken up. Time limit for individual comments is five (5) minutes.

Consent Calendar – Approval By Minute Motion

OVERSIGHT BOARD CONSENT CALENDAR

2. **OVERSIGHT BOARD MINUTES**

   None

3. **ORAL AND WRITTEN COMMUNICATIONS**
   Communication by the Public is an important part of the Local Government Process. Per Monterey Park Municipal Code Section 2.04.030, Oral and Written Communications from the public is to take place immediately following Consent Calendar Business. Any individual wishing to address the Oversight Board under Oral and Written Communications needs to complete a Speaker Card provided by the Oversight Board Secretary and then please return it the Oversight Board Secretary prior to the Oversight Board taking up this item.

   The Oversight Board Secretary will call members of the public that have submitted speaker cards. The Oversight Board Secretary will call the public in the same order that the speaker cards are received except that the Oversight Board Secretary may group and present the speaker cards by first calling all persons in favor of an issue and all persons opposed, and finally those with neutral comments.

UNFINISHED BUSINESS: None

NEW BUSINESS

None

OLD BUSINESS

4. **APPROVAL OF A DUE DILIGENCE REVIEW OF THE SUCCESSOR AGENCY'S NON-HOUSING ASSETS:** Donna Ramirez

   Health and Safety Code Section 34179.6(b) requires the Oversight Board to conduct a public meeting to review and receive public comment on the Due Diligence Review of the Successor Agency's non-housing assets. The Due Diligence Review was performed by a County approved auditor, the firm of Pun & McGeady, LLP, to determine the unobligated balance of the Successor Agency's non-housing assets available for transfer to taxing entities. The review conducted by Pun & McGeady, LLP covered fiscal years 2010-2013. The public meeting is to offer the community an opportunity to voice their ideas or concerns regarding the Due Diligence Review prior to the final vote, which must be at least 5 days after the public comment meeting.

Recommendations:

1. It is recommended that the Oversight Board approve the Resolution approving the Due Diligence Review for the non-housing assets of the Monterey Park Successor Agency; and

2. Direct staff to transmit the document to the appropriate agencies; and/or

3. Take such additional, related, action that may be desirable.

5. CLOSED SESSION
None

6. ADJOURN

RESOLUTION NO. ____

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE MONTEREY PARK REDEVELOPMENT AGENCY APPROVING A NON-HOUSING ASSETS DUE DILIGENCE REPORT

The Oversight Board for the Successor Agency to the Monterey Park Redevelopment Agency ("Oversight Board") does resolve as follows:

Section 1. The Board finds and declares that:

A. Health and Safety Code Sections 34179.5 and 34179.6, adopted by the State Legislature as part of AB 1484 on June 27, 2012, require that the Oversight Board approve a Low and Moderate Income Housing Fund Due Diligence Review ("LMIHF Due Diligence Review") and Due Diligence Review regarding all other Successor Agency funds and assets ("Non-Housing Due Diligence Review") to determine the unobligated balances available for distribution to the taxing entities;

B. The Successor Agency to the Monterey Park Redevelopment Agency ("Successor Agency") contracted with the certified public accountant firm Pun & McGeady, LLP to complete the Due Diligence Reviews pursuant to such regulations. On July 26, 2012, the County Auditor-Controller approved the Successor Agency's request to use Pun & McGeady, LLP to complete the reports;

C. On October 12, 2012, the Oversight Board approved the LMIHF Due Diligence Review and transferred it to the appropriate agencies, including the Department of Finance ("DOF");

D. After conferring with Successor Agency staff, on December 4, 2012, DOF approved the LMIHF Due Diligence Review as submitted;

E. By its Resolution SA-28, on December 11, 2012, the Successor Agency approved the Non-Housing Due Diligence Review and forwarded the Due Diligence Review to the county auditor-controller, DOF, and State Controller's Office as required by Health & Safety Code Section 34177.6;

F. The Non-Housing Due Diligence Review concludes that $1,411,629 in Successor Agency non-housing funds is available for distribution to the taxing entities; and

G. On January 3, 2013, the Oversight Board convened meeting to receive public comment on the Non-Housing Due Diligence Review. As required by Health & Safety Code Section 34179.6(b), the public comment session took place more than 5 days prior to the Oversight Board's approval, which occurred on January 10, 2013.

Section 2. *Non-Housing Fund Due Diligence Review*. The Oversight Board hereby adopts the Non-Housing Fund Due Diligence Review attached as Exhibit A and authorizes the

Successor Agency to retain the assets and funds identified as restricted or not available for distribution on Exhibits B, D, and E of the Due Diligence Review.

Section 3. *Authorization*. The officers and staff of the Oversight Board are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including but not limited to submitting the Non-Housing Due Diligence Review to the county auditor-controller and State Department of Finance in the manner required by Health & Safety Code Section 34177.6.

Section 4. *Reliance on Record*. Each and every one of the findings and determinations in this Resolution are based on the competent and substantial evidence, both oral and written, contained in the entire record relating to the Oversight Board and applicable law. The findings and determinations constitute the independent findings and determinations of the Board in all respects and are fully and completely supported by substantial evidence in the record as a whole.

Section 5. *Summaries of Information*. All summaries of information in the findings, which precede this Section, are based on the substantial evidence in the record including, without limitation, verbal and documentary evidence submitted to the Board. The absence of any particular fact from any such summary is not an indication that a particular finding is not based in part on that fact.

Section 6. The Secretary is directed to certify the adoption of this Resolution; record this Resolution in the book of the Oversight Board's original resolutions; and make a minute of the adoption of the Resolution in the Oversight Board's records and the minutes of this meeting.

Section 7. This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

PASSED, APPROVED, AND ADOPTED this 10th day of January, 2013.

____
Paul Talbot, Chairperson

ATTEST:

____
David Barron
Oversight Board Secretary

I HEREBY CERTIFY that the above and foregoing ordinance was duly passed and adopted by the Oversight Board of the Successor Agency to the Monterey Park Redevelopment Agency at its regular meeting held on the 10th of January, 2013, by the following vote, to wit:
AYES;
NOES;
ABSENT: