

SPECIAL OVERSIGHT BOARD MEETING
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA

January 9, 2013

2:00 p.m.

Century Conference Room
23920 Valencia Boulevard
Santa Clarita, CA 91355

AGENDA

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Redevelopment Division at (661) 286-4141. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.102-35.104 ADA Title II)

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. APPROVAL OF AGENDA

V. APPROVAL OF MINUTES – Regular Oversight Board Meeting of December 18, 2012 and Special Oversight Board Meeting of December 18, 2012

VI. NEW BUSINESS

1. OVERVIEW OF SUCCESSOR AGENCY FINANCES

Board Vice Chair Coleal requested that a presentation be provided to the Oversight Board related to the finances of the Successor Agency.

Recommended Action:

Receive presentation.

2. DUE DILIGENCE REVIEW – NON-HOUSING FUND

Health and Safety Code Section 34179.5 requires the Successor Agency employ a licensed accountant to complete a “Due Diligence Review” in order to determine the unobligated balances of the former redevelopment agency available to be distributed to taxing entities.

Recommended Action:

Review Due Diligence Report for the Non Housing Fund; convene a public comment session in accordance with Health and Safety Code Section 34179.6 (b); and schedule

a special meeting on January 9, 2013 to consider the approval of the Due Diligence Report.

3. DUE DILIGENCE REVIEW – HOUSING FUND

On October 10, 2012, the Oversight Board approved the Due Diligence Review for the Housing Fund, which was then transmitted to the Department of Finance for their review. On November 9, 2012, the Department of Finance provided their findings. Successor Agency staff subsequently requested a Meet and Confer with the Department of Finance to discuss the concerns identified and that meeting was held on November 30, 2012. On December 15, 2012, the Department of Finance provided their final letter of determination. On December 20, 2012, the Department of Finance asked that the Successor Agency not provide payment while they reevaluate their final determination.

Recommended Action:

Receive update from Successor Agency Staff related to the Due Diligence Review for the Housing Fund and provide direction.

4. LEGAL SERVICES FOR THE OVERSIGHT BOARD

Health and Safety Code Section 34179 allows the Oversight Board to direct the Successor Agency to provide additional legal advice than what is provided by the Successor Agency.

Recommended Action:

Provide Successor Agency Staff direction related to legal representation for the Oversight Board.

VII. PUBLIC PARTICIPATION

This time has been set aside for the public to address the Board on items that are NOT on the agenda. The Board will not act upon those items at this meeting, other than to review and return without action, or provide direction to staff. ALL speakers must submit a speaker's slip to the Meeting Clerk PRIOR to this portion of the meeting, and prepare a presentation not to exceed three (3) minutes.

VIII. STAFF COMMENTS

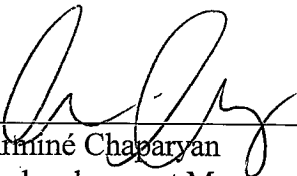
IX. ADJOURNMENT

Complete packets are available for public inspection at City Hall. Any writings or documents distributed to a majority of the members of the Oversight Board regarding any open session item on this agenda will be made available for public inspection in City Hall, Suite 120 located at 23920 Valencia Boulevard, during normal business hours. These writings or documents will also be available for review at the meeting. Thank you for attending the Oversight Board meeting. If you have any questions or wish to know more about the Successor Agency or the Oversight Board, please

call (661) 286-4141 Monday through Thursday, 7:30 a.m. to 5:30 p.m. and Fridays 8:00 a.m. to 5:00 p.m.

CERTIFICATION

I, Arminé Chaparyan, do hereby certify that I am the duly appointed and qualified Redevelopment Manager for the Successor Agency of the former Redevelopment Agency of the City of Santa Clarita, and that on January 4, 2013, between the hours of 9:00 a.m. and 5:00 p.m., the foregoing agenda was posted at City Hall, Santa Clarita Library, Valencia Branch, and the Santa Clarita Sheriff's Station.



Arminé Chaparyan
Redevelopment Manager
Santa Clarita, California

**MINUTES OF THE
MEETING OF THE OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

**Tuesday
December 18, 2012
2:00 p.m.**

CALL TO ORDER

The meeting of the Oversight Board of the Successor Agency for the former Redevelopment Agency of the City of Santa Clarita was called to order by Chair Striplin at 2:06 p.m. in the Orchard A & B conference rooms, 23920 Valencia Boulevard, Santa Clarita, California.

FLAG SALUTE

Chair Striplin led the flag salute.

ROLL CALL

Chair Striplin and Board Members Coleal, Dortch, Hernandez, Koegle, and Swartz were present. Board Member Hoerber was not in attendance.

APPROVAL OF AGENDA

A motion was made by Board Member Koegle and seconded by Board Member Dortch to approve the agenda. Said motion was approved by a vote of 6-0.

APPROVAL OF THE MINUTES OF THE OCTOBER 10, 2012, SPECIAL MEETING

A motion was made by Board Member Dortch and seconded by Board Member Hernandez to approve the minutes from the October 10, 2012, special meeting. Board Members Coleal and Koegle abstained as they did not attend the meeting. Said motion was approved by a vote of 4-0.

NEW BUSINESS

ITEM 1 DUE DILIGENCE REVIEW – NON HOUSING FUND

Denise Covert, Administrative Analyst, provided a presentation on the Due Diligence Report for the Non Housing Fund.

The Board and staff discussed property transfers identified in the Due Diligence Report and legal representation for the Oversight Board. Board Member Koegle moved to have legal representation discussed at the next meeting. The Board concurred and Chair Striplin directed staff to agendize the topic for a future meeting.

A motion was made by Board Member Coleal and seconded by Board Member Koegle to schedule a special meeting on January 9, 2013, to consider the approval of the Due Diligence Report. A roll call vote was taken. Said motion was approved by a vote of 6-0.

PUBLIC PARTICIPATION

There were no public comments.

STAFF COMMENTS

There were no staff comments

ADJOURNMENT

A motion was made by Board Member Koegle and seconded by Board Member Coleal to adjourn the meeting. Said motion was approved by a vote of 6-0 and the meeting was adjourned at 2:32 p.m.

Kenneth W. Striplin, Chair
Oversight Board

Arminé Chaparyan, Redevelopment Manager
Successor Agency Staff

S:\CD\REDEVELOPMENT\SUCCESSORAGENCY\OVERSIGHTBOARD\MEETINGS\APRIL262012\10-10-12smmin.DOC

**MINUTES OF THE
SPECIAL MEETING OF THE OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

**Tuesday
December 18, 2012
2:15 p.m.**

CALL TO ORDER

The special meeting of the Oversight Board of the Successor Agency for the former Redevelopment Agency of the City of Santa Clarita was called to order by Chair Striplin at 2:33 p.m. in the Orchard A & B conference rooms, 23920 Valencia Boulevard, Santa Clarita, California.

ROLL CALL

Chair Striplin and Board Members Coleal, Dortch, Hernandez, Koegle, and Swartz were present. Board Member Hoerber was not in attendance.

APPROVAL OF AGENDA

A motion was made by Board Member Hernandez and seconded by Board Member Koegle to approve the agenda. Said motion was approved by a vote of 6-0.

NEW BUSINESS

ITEM 1 DUE DILIGENCE REVIEW – HOUSING FUND

Denise Covert, Administrative Analyst, provided an overview of Department of Finance's decision on Due Diligence Report for the Housing Fund. Following Ms. Covert's presentation, City Attorney Joe Montes discussed potential actions the Board can take in response to the Department of Finance's findings. The Board and staff discussed the options available to them.

A motion was made by Board Member Coleal and seconded by Board Member Hernandez to send a letter to the Department of Finance reiterating the Oversight Board's knowledge and approval of the use of low – and moderate – income housing funds to ensure enforceable obligations are paid and to include a copy of the original resolution adopted by the Oversight Board in April 2012 in which they approved use of the funds and to not send the payment requested by the Department of Finance. A roll call vote was taken. Said motion was approved by a vote of 5-0-1. Board Member Swartz abstained.

A second motion was made by Board Member Coleal and seconded by Board Member Dortch to adopt a resolution reiterating the Oversight Board's prior authorization to utilize low- and moderate –income housing fund balance to satisfy ROPS obligations and provide direction to

Successor Agency staff to submit a letter to the Department of Finance from the Oversight Board reiterating the Board's position. A roll call vote was taken. Said motion was approved by a vote of 6-0.

PUBLIC PARTICIPATION

There were no public comments.

STAFF COMMENTS

There were no staff comments.

ADJOURNMENT

A motion was made by Board Member Koegle and seconded by Board Member Dortch to adjourn the meeting. Said motion was approved by a vote of 6-0 and the meeting was adjourned at 3:34 p.m.

Kenneth W. Striplin, Chair
Oversight Board

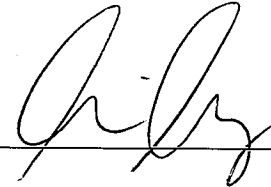
Arminé Chaparyan, Redevelopment Manager
Successor Agency Staff

S:\CD\REDEVELOPMENT\SUCCESSORAGENCY\OVERSIGHTBOARD\MEETINGS\APRIL262012\12-18-12smmin.DOC

**OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

AGENDA REPORT

Approved By: _____



Presented By: _____ Carmen Magana

DATE: January 9, 2013

SUBJECT: OVERVIEW OF SUCCESSOR AGENCY FINANCES

Recommended Action:

Receive presentation.

Background:

Oversight Board Vice Chair Coleal requested that the Oversight Board receive an overview of the finances of the Successor Agency. Successor Agency staff will provide a presentation.

Fiscal Impact:

There is no fiscal impact as a result of the item being discussed today.

Attachments:

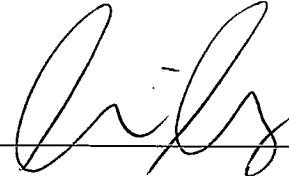
None.

AC:DC:ms

**OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

AGENDA REPORT

Approved By: _____



Presented By: _____ Denise Covert

DATE: January 9, 2013

SUBJECT: DUE DILIGENCE REPORT – NON-HOUSING FUND

Recommended Action:

Adopt resolution approving the Due Diligence Report for the Non-Housing Fund and direct Successor Agency Staff to transmit the approved Due Diligence Review to the appropriate entities.

Background:

Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant to complete two “Due Diligence Reviews” in order to determine the unobligated balances of the former Redevelopment Agency that is available to be distributed to taxing entities.

The Successor Agency selected Marcum LLP to complete the Due Diligence Reviews. This selection was approved by the Los Angeles County Auditor Controller as required by Health and Safety Code Section 34179.5.

Prior to the dissolution of Redevelopment Agencies, funds were required to be separated into two accounts:

- Low- and Moderate-Income Housing Fund – 20 percent of the tax increment collected to be used for projects that increase the availability of affordable housing.
- Non-Housing Fund – 80 percent of the tax increment collected to be used for general redevelopment purposes.

Because of this distinction in former Redevelopment law, two separate Due Diligence Reviews are required to be completed, one for the former Housing Fund and one for the former Non-Housing Fund. The Housing Due Diligence Review was approved by the Oversight Board on October 10, 2012 and transmitted to the Department of Finance. The review before the Oversight Board today is related to the former Non-Housing Fund.

In order to complete the Due Diligence Review, Marcum LLC followed the procedures released by the Department of Finance, which included the following analysis:

- Dollar value of assets transferred from the former Redevelopment Agency to the Successor Agency on or about February 1, 2012;
- Dollar value of assets and cash and cash equivalents transferred after January 1, 2011 through June 30, 2012 by the Redevelopment Agency or the Successor Agency to the City that formed the Redevelopment Agency;
- Dollar value of any cash or cash equivalents transferred after January 1, 2011 through June 30, 2012 by the Redevelopment Agency or the Successor Agency to any other public entity or private party;
- Expenditure and revenue accounting information for fiscal year 2010-2011 and fiscal year 2011-2012; and
- Balance of the accounts as of June 30, 2012, including any balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation.

As a result of the analysis of the Non-Housing Fund, Marcum LLP determined that there are no funds available to be distributed to taxing entities from the former non-housing fund. Following the approval of the Housing Due Diligence Review, the County of Los Angeles issued revised projections of available funds to pay for enforceable obligations listed on the January – June 2013 ROPS. As a result of those new lower figures, staff identified a shortage of funds available to pay all the obligations and is therefore requesting to maintain the remaining cash on hand to ensure the enforceable obligations are paid, including bond debt service payments and outstanding pass through payments. Staff has discussed this shortage with the County of Los Angeles and the Department of Finance. Ultimately, if the Successor Agency is required to remit the full amount of \$402,766, identified in the Due Diligence Review for Housing, then the Successor Agency will have a shortage of \$83,332. The Due Diligence Review report with all the financial findings and facts supporting each finding is attached to this Agenda Item.

The Successor Agency is bound by the following statutory deadlines related to the Due Diligence Review for Non-Housing:

- December 15, 2012 – Due Diligence Report for the Non-Housing Fund due to the Oversight Board, the County Auditor-Controller, the State Controller and the Department of Finance. The Agenda for the December 18, 2012 meeting was posted on December 14, 2012 and a copy of the Non-Housing Due Diligence Review was provided to the applicable entities at that time therefore meeting the statutory deadline. Upon receipt of the Due Diligence Review, the Oversight Board must convene a public comment session to take place at least 5 business days before the Oversight Board holds the approval vote. The meeting held on December 18, 2012 served as the public comment session.
- **January 15, 2013 – Due Diligence Report for Non-Housing must be reviewed, approved, and transmitted by the Oversight Board to the Los Angeles County Auditor-Controller. A special meeting of the Oversight Board is**

scheduled for January 9, 2013 at 2:00 p.m. in the Century Room at the Santa Clarita City Hall.

After Oversight Board approval of the Due Diligence Review for the Non-Housing Fund, the Department of Finance will review the determinations of the Due Diligence Review. The Department of Finance is required to complete their review no later than April 1, 2013.

Within five business days of the determination from the Department of Finance as a result of their review process, the Successor Agency is required to submit the amount of funds required by the Department of Finance to the Los Angeles County Auditor-Controller within 5 working days of receipt of such order. Alternatively, the Successor Agency has the ability to request a "meet and confer" with the Department of Finance in the case there is a dispute related to the final amount determined.

Fiscal Impact:

There is no fiscal impact as a result of the item being discussed today.

Attachments:

Resolution

AC:DC:ms

RESOLUTION 12-08

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE FORMER REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CLARITA, CALIFORNIA, APPROVING THE DUE DILIGENCE
REPORT FOR THE NON-HOUSING FUND

WHEREAS, Health and Safety Code Section 34179.5 requires the Successor Agency to employ a licensed accountant to complete two Due Diligence Reviews of the funds of the former Redevelopment Agency.

WHEREAS, the Successor Agency selected Marcum LLP to complete the Due Diligence Reviews. This selection was approved by the Los Angeles County Auditor Controller as required by Health and Safety Code Section 34179.5.

WHEREAS, Health and Safety Code Section 34179.6(a) requires the Successor Agency to provide the results of the Due Diligence Review to the Oversight Board, the County Auditor-Controller, and State Controller, and the Department of Finance by December 15, 2012.

WHEREAS, the Successor Agency provided the Due Diligence Review for Housing to the Oversight Board, the Los Angeles County Auditor Controller, the State Controller, and the Department of Finance on December 14, 2012.

WHEREAS, the Oversight Board convened a public comment session in accordance with Health and Safety Code Section 34179.6 (b) on December 18, 2012.

WHEREAS, a special meeting of the Oversight Board was held on January 9, 2013 to review and approve the findings of the Due Diligence Review for the Non-Housing fund.

NOW, THEREFORE, the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita does hereby resolve as follows:

SECTION 1. The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The Oversight Board hereby adopts the Due Diligence Review for the Non-Housing fund, attached hereto and incorporated by reference herein.

SECTION 3. Successor Agency staff is directed to transmit notice of this action to the Department of Finance.

SECTION 4. This resolution shall take effect immediately upon its adoption.

SECTION 5. The Oversight Board Meeting Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 9th day of January 2013.

Ken Striplin
Chairman

ATTEST:

Helga Deyo
Oversight Board Meeting Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SANTA CLARITA)

I, Helga Deyo, Oversight Board Meeting Clerk, do hereby certify that the foregoing Resolution was duly adopted by the Oversight Board of the Successor Agency to the Former Redevelopment Agency of the City of Santa Clarita at a regular meeting thereof, held on the 9th day of January 2013, by the following vote:

AYES:

NOES:

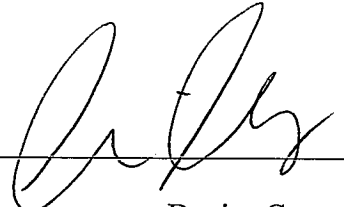
ABSENT:

Oversight Board Meeting Clerk

**OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

AGENDA REPORT

Approved By: _____



Presented By: _____ Denise Covert

DATE: January 9, 2013

SUBJECT: DUE DILIGENCE REPORT – HOUSING FUND

Recommended Action:

Receive update from Successor Agency Staff related to the Due Diligence Review for the Housing Fund and provide direction.

Background:

On October 10, 2012, the Oversight Board approved the Due Diligence Review for the Housing Fund, which was then transmitted to the Department of Finance for their review. On November 9, 2012, the Department of Finance provided their findings. Successor Agency staff subsequently requested a Meet and Confer with the Department of Finance to discuss the concerns identified and that meeting was held on November 30, 2012. On December 15, 2012, the Department of Finance provided a letter of determination demanding that \$3,005,293 be transmitted to the County Auditor-Controller for disbursement to taxing entities.

At the December 18, 2012 Special Oversight Board meeting, the Board directed Successor Agency Staff to provide a letter from the Oversight Board reiterating the Oversight Board's knowledge and approval of the use of low – and moderate – income housing funds to ensure enforceable obligations are paid and to include a copy of the original resolution adopted by the Oversight Board in April 2012 in which the Board approved use of the funds. A letter was provided to the Department of Finance on December 18, 2012.

On December 20, 2012, the Successor Agency received a phone call and an email from the Department of Finance. Based on the letter provided by the Successor Agency as well as the letter provided by the Oversight Board, the Department of Finance is looking into the situation further. The Department of Finance requested that the Successor Agency not provided payment until the Department of Finance releases a revised letter.

Successor Agency Staff has communicated with the Los Angeles County Auditor-Controller's Office and shared the status of the payment related to the Due Diligence Review for the Housing Fund.

Successor Agency staff has received further communication from the Department of Finance related to this matter. The expected date of a revised letter of determination is unknown at this time.

Fiscal Impact:

There is no fiscal impact as a result of the item being discussed today.

Attachments:

None

AC:DC:ms

**OVERSIGHT BOARD
OF THE FORMER REDEVELOPMENT AGENCY
OF THE CITY OF SANTA CLARITA**

AGENDA REPORT

Approved By: _____



Presented By: _____ Denise Covert

DATE: January 9, 2013

SUBJECT: LEGAL REPRESENTATION FOR THE OVERSIGHT BOARD

Recommended Action:

Provide Successor Agency Staff direction related to legal representation for the Oversight Board.

Background:

At the December 18, 2012 regularly scheduled Oversight Board meeting, Oversight Board Vice Chair Coleal requested that an item be agendaized to discuss legal representation for the Oversight Board.

The Successor Agency currently is represented by Burke, Williams & Sorenson, LLP, an experienced firm in civic and redevelopment related issues. Burke, Williams & Sorenson, LLP has been following the redevelopment dissolution law closely and correspond with other legal firms regularly on issues pertaining to the dissolution of redevelopment.

Health and Safety Code Section 34179 allows the Oversight Board to direct the Successor Agency to provide additional legal advice than what is provided by the Successor Agency.

The provision of legal services specific to the Oversight Board is at the discretion of the Board. Some factors for the Board to consider in contemplating this decision include the following:

- Method of Selection
The Oversight Board has discretion over how a firm could be selected to serve as counsel. Some options to consider include the following:
 - Direct Successor Agency Staff to create a list of qualified legal counsel candidates with expertise in redevelopment dissolution.

- Direct Successor Agency Staff to complete an RFP process and request Successor Agency Staff return with a recommendation.
- Create a subcommittee of the Oversight Board to review the proposals and return to the full Board with a recommendation.

- Level of Services Requested
The Oversight Board should determine what level of services the Board is requesting, which may include some or all of the following:
 - Attendance at every Oversight Board meeting
 - Provide legal advice/opinions on matters before the Oversight Board
 - Legal research
 - Litigation services

- Payment of Services
The provision of legal services could be placed on a future ROPS, however it is unclear whether that cost will be considered an administrative cost of the Successor Agency or a separate enforceable obligation. If the legal charges are considered administration, this would reduce the funds available for Successor Agency staff which in turn limits the ability to provide services to the Oversight Board and to administer the wind down activities required by the State. If the legal charges are considered to be a separate enforceable obligation, then this would reduce the amount of funds available to be distributed to taxing entities.

It is estimated that the cost of legal services for the Oversight Board would range from \$175 - \$250 per hour.

Fiscal Impact:

There is no fiscal impact as a result of the item being discussed today.

Attachments:

None

AC:DC:ms