



# Successor Agency Oversight Board Meeting

(Dissolution of the City of Shasta Lake Redevelopment Agency)

## AGENDA

Shasta Lake City Council Chambers  
(located in Shasta Lake Law Enforcement Center)  
4488 Red Bluff Street  
Shasta Lake, CA 96019

Monday, August 13, 2012 at 2:00 P.M.

Agenda packets are available for public review at City Hall, 1650 Stanton Drive, Shasta Lake, CA during normal business hours of 7:00 a.m. to 4:00 p.m. weekdays, excluding holidays.

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call (530) 275-7407. Notification 48 hours prior to the meeting is requested to enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

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*The City of Shasta Lake is the Successor Agency to the Shasta Lake Redevelopment Agency*

### 1.0 CALL TO ORDER 2:00 PM

Call to order (please place cell phones and pagers on silent)  
While it is not required, we request that members of the public fill out a speaker request form on the table at the back of the room and hand it to the Secretary.  
Statement for the record of Board members present

### 2.0 COMMUNICATIONS

#### **Public Comment Period:**

- 2.1 This time is set aside for citizens to address the Board on matters listed on the Consent Agenda as well as other items not included on the Regular Agenda. If your comments concern an item noted on the regular agenda, please address the Board after that item is open for public comment. Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the Board. While it is not required, persons wishing to address the Board should fill out a Speaker Request Form prior to the beginning of the meeting and submit it to the City Clerk. Forms are available from the City Clerk, 1650 Stanton Drive, Shasta Lake, on the City's website, or at the back of the meeting hall. If you have documents to present to members of the Board to review, please provide a minimum of seven copies.

### **3.0 REGULAR AGENDA (Business Session)**

- 3.1 Approval of the minutes of the June 11, 2012 meeting. **Page 1**
- 3.2 Discussion and possible approval, reaffirming City Council, as Successor Agency, Resolution CC 12-68, adopted on August 7, 2012 for a contract with D.H. Scott and Company for completion of a due diligence review to determine the unobligated balances available for transfer to taxing agencies and authorizing and approving the City Manager to sign a contract not to exceed \$9,000 on behalf of the City of Shasta Lake Successor Agency to the former City of Shasta Lake Redevelopment Agency. **Page 3**
- 3.3 Discussion and possible action on a Resolution to approve and transmit to the various State and Local agencies, as per the regulations of the Dissolution Act, the Recognized Obligation Payment Schedule for the six-month period ending June 30, 2013. **Page 14**

### **4.0 REPORTS AND INFORMATIONAL ITEMS**

- 4.1 Staff Comments/Reports
- 4.2 Board Comments/Reports

### **5.0 ADJOURNMENT**

This meeting is open to the public.



**SUCCESSOR AGENCY OVERSIGHT BOARD  
FOR FORMER CITY OF SHASTA LAKE  
REDEVELOPMENT AGENCY  
MEETING MINUTES**

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**MINUTES OF THE SUCCESSOR AGENCY OVERSIGHT BOARD MEETING  
HELD MONDAY, JUNE 11, AT 2:00 PM AT THE CITY COUNCIL CHAMBERS  
4488 RED BLUFF ST, SHASTA LAKE, CALIFORNIA**

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**1.0 CALL TO ORDER – 2:00 P.M.**

Chairman Farr called the meeting to order at 2:01 pm.  
Board Members present: Farr, Lugo, Hillman, Lawson, Morgan, Rodrigue  
Board Members absent: Hartman

**2.0 COMMUNICATIONS:**

**PUBLIC COMMENT:** None

**3.0 REGULAR AGENDA:**

3.1 Approval of the minutes of the May 14, 2012 meeting.

**Motion/Vote**

By motion made/seconded (Morgan/Lugo), and carried, the minutes were approved.

3.2 Discussion and possible action on Resolution adopting Property Disposition Procedures related to land assets transferred to the successor agency of the former Shasta Lake Redevelopment Agency.

**Motion/Vote**

By motion made/seconded (Morgan/Lugo), and carried, Resolution SAOB 2-5 was approved.

3.3 Discussion and possible action on Resolution approving transfer of Housing assets and functions to the Shasta Lake Housing Authority.

**Motion/Vote**

By motion made/seconded (Lugo/Morgan), and carried, Resolution SAOB 12-06 was approved.

- 3.4 Discussion and possible action on Resolution approving an Administrative and Operational Cost Reimbursement Agreement between the City of Shasta Lake and the Shasta Lake Successor Agency.

**Motion/Vote**

By motion made/seconded (Morgan/Farr), and carried, Resolution SAOB 12-07 was approved.

**4.0 BOARD/STAFF REPORTS AND COMMENTS:**

Assistant City Manager John Duckett reported on the Recognized Obligation Payment Schedule being accepted by the Department of Finance.

**5.0 ADJOURN TO CLOSED SESSION PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

Property: Parcel No. 007-380-051. Agency Negotiator: Fred Castagna, Project Manager.  
Negotiating parties: City of Shasta Lake, Successor Agency to the Shasta Lake Redevelopment Agency and Embree Asset Group. Under negotiation: price, terms of payment.

**6.0 RECONVENE**

**The Chair announced that the Board briefly discussed the Embry Asset Group offer, but decided it was premature to act at this time. Embry Asset Group will be notified.**

**7.0 (item removed from Closed Session)**

- 7.1 Properties: Parcel No. 007-380-037, 051, 052, ad 053. Agency Negotiator: Fred Castagna, Project Manager. Discussion and possible direction regarding alternative marketing methods.

Discussion took place, but no direction was given.

With no further business to come before the Board, Chairman Farr adjourned the meeting at 2.50 pm.

**8.0 ADJOURNMENT**

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**TONI M. COATES, CMC**  
**City Clerk/Oversight Board Secretary**



Report and Recommendations  
Reviewed and Approved

3.2

*Carol Martin*

Executive Officer

**AGENDA ITEM**  
**City Council – Successor Agency**  
**August 7, 2012, Meeting**

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**TO:** Carol Martin, City Manager  
**FROM:** John Duckett, Assistant City Manager  
**DATE:** August 7, 2012  
**SUBJECT:** Emergency Resolution - Due Diligence Review per Assembly Bill 1484  
**FILE NO.:** X-XXX-XXXX

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**SUMMARY:**

As a component of Assembly Bill 1484 (AB 1484), the City of Shasta Lake as the Successor Agency to the former City of Shasta Lake Redevelopment Agency, must complete a due diligence review (DDR) of unobligated balances available for transfer to taxing agencies held within the former Low and Moderate Income Housing Fund (LMIHF). The DDR must be completed by a licensed accountant.

**BACKGROUND:**

As part of the wind down of operations of the City's former Redevelopment Agency, the recent passage of AB 1484 now requires the City to complete a DDR of unobligated balances held by the former LMIHF and submitted to the Oversight Board, County Auditor-Controller, State Controller and the California Department of Finance by October 1, 2012. As required by AB 1484, the Shasta County Auditor-Controller's Office must approve the selection of the audit firm performing the DDR. Staff requested that D.H. Scott be retained to complete the DDR. The Shasta County Auditor-Controller has approved staff's request to retain D.H. Scott and Company.

There continues to be confusion regarding the exact methods to be used to complete the DDR, but with the short time frame to complete the DDR for submittal, staff thought it prudent that a contract be executed as soon as possible in order to meet the deadlines outlined under AB 1484.

**FISCAL IMPACTS:**

Not to exceed \$9,000 from the City's former Redevelopment Agency funds.

**DISTRIBUTION:** City Council

**ATTACHMENTS:**

Contract for Due Diligence Review  
Resolution authorizing City Manager to approve

RESOLUTION CC 12-68

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**A SHASTA LAKE CITY COUNCIL RESOLUTION APPROVING A CONTRACT WITH D.H. SCOTT AND COMPANY FOR THE COMPLETION OF A DUE DILIGENCE REVIEW TO DETERMINE THE UNOBLIGATED BALANCES AVAILABLE FOR TRANSFER TO TAXING AGENCIES AND AUTHORIZING AND APPROVING THE CITY MANAGER TO SIGN A CONTRACT NOT TO EXCEED \$9,000 ON BEHALF OF THE CITY OF SHASTA LAKE SUCCESSOR AGENCY TO THE FORMER CITY OF SHASTA LAKE REDEVELOPMENT AGENCY.**

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**WHEREAS**, the City of Shasta Lake as the Successor Agency to the former City of Shasta Lake Redevelopment Agency; and

**WHEREAS**, the Successor Agency is required by Assembly Bill 1484 to complete a Due Diligence Review of the former Low and Moderate Income Housing Fund; and

**WHEREAS**, the Successor Agency has received approval by the Shasta County Auditor-Controller to retain D.H. Scott and Company to complete the review; and

**WHEREAS**, the City Council directs the City Manager to execute a contract with D.H. Scott and Company to complete the review of the Low and Moderate Income Housing Fund and to sign a contract for such services not to exceed \$9,000; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Shasta Lake as follows:

The City Manager is authorized and approved to execute and sign a contract with D.H. Scott and Company to complete a Due Diligence Review in order to determine the unobligated balances available for transfer to taxing agencies by the former Low and Moderate Housing Income Housing Fund.

**PASSED, ADOPTED, AND APPROVED** this 7th day of August, 2012, by the following vote:

**AYES: FARR, MORGAN, SMITH, DIXON**  
**NOES: NONE**  
**ABSENT: WATKINS**

\_\_\_\_\_  
**RON DIXON, Mayor/Chairman**

**ATTEST:**

\_\_\_\_\_  
**TONI M. COATES, CMC, City Clerk/Secretary**

**D·H·SCOTT & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
*a limited liability partnership*

David H. Scott, CPA  
a professional corporation  
Keith F. Hunting, CPA  
Vivian R. Piche', CPA  
Paul J. Catanese, CPA, M.B.A.  
a professional corporation  
Larry Dahl, CPA

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Gerald R. Tadina, CPA

July 31, 2012

Ms. Carol Martin  
City of Shasta Lake - Successor Agency of  
the former City of Shasta Lake Redevelopment Agency  
P.O. Box 777  
Shasta Lake, California 96019

Dear Ms. Martin:

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the successor agency of the former City of Shasta Lake Redevelopment Agency.

We will apply the agreed-upon procedures pursuant to Assembly Bill 1484 as it relates to the State mandated dissolution of all redevelopment agencies within the State of California. The bill requires all successor agencies to have a "due diligence review" conducted by a licensed accountant. This engagement is solely to assist the successor agency of the former City of Shasta Lake Redevelopment Agency with its reporting obligations listed in Exhibit A. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described in the schedule below either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

You are responsible for the presentation of the items listed in Exhibit A. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee any non-attest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Vivian Piche', CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately August 15, 2012 and, unless unforeseeable problems are encountered, the engagement should be completed by September 15, 2012. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the items in Exhibit A in accordance with AB 1484.

We estimate our fees for these services as follows:

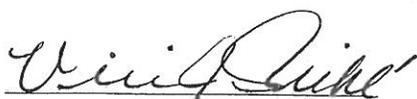
Audit Staff	\$ 125.00 per hour
Audit Partner	\$ 180.00 per hour
Not to exceed	\$ <u>9,000.00</u>

These fees are estimated using 80% of our standard rates and it is assumed that the City will prepare all required documents as enumerated in AB 1484. You may also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. If significant additional time is necessary, we will discuss it with you before we incur the additional costs. Our invoices for these services are payable upon presentation. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the ~~significant terms of our engagement. If you have any questions, please let us know. If you~~ agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Very truly yours,

D. H. SCOTT & COMPANY



Vivian Piche', CPA  
Partner

RESPONSE:

This letter correctly sets forth the understanding of the City of Shasta Lake, successor agency of the former City of Shasta Lake Redevelopment Agency.

\_\_\_\_\_  
Carol Martin, City Manager

\_\_\_\_\_  
Date

## Exhibit A

Pursuant to Assembly Bill 1484, the licensed accountant shall meet the requirements and timeframes specified in California Health & Safety Code Sections 34179.5 through 34179.7, as revised by AB 1484, which now reads as follows:

34179.5. (a) In furtherance of subdivision (d) of Section 34177, each successor agency shall employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the county auditor-controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board.

b) For purposes of this section the following terms shall have the following meanings:

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(1) "Cash" and "cash equivalents" includes, but is not limited to, cash in hand, bank deposits, Local Agency Investment Fund deposits, deposits in the city or county treasury or any other pool, marketable securities, commercial paper, United States Treasury bills, banker's acceptances, payables on demand and amounts due from other parties as defined in subdivision (c), and any other money owned by the successor agency.

(2) "Enforceable obligation" includes any of the items listed in subdivision (d) of Section 34171, contracts detailing specific work to be performed that were entered into by the former redevelopment agency prior to June 28, 2011, with a third party that is other than the city, county, or city and county that created the former redevelopment agency, and indebtedness obligations as defined in subdivision (e) of Section 34171.

(3) "Transferred" means the transmission of money to another party that is not in payment for goods or services or an investment or where the payment is de minimus. Transfer also means where the payments are ultimately merely a restriction on the use of the money.

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(c) At a minimum, the review required by this section shall include the following:

(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

(2) The 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, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

(3) The 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 agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.

(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

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~~(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.~~

(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

SEC. 18. Section 34179.6 is added to the Health and Safety Code, to read:

34179.6. The review required pursuant to Section 34179.5 shall be submitted to the oversight board for review. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the review to the oversight board for review.

(a) By October 1, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the Department of Finance the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. By December 15, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the department the results of the review conducted pursuant to Section 34179.5 for all of the other fund and account balances and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. The department may request any supporting documentation and review results to assist in its review under subdivision (d). The department may specify the form and manner information about the review shall be provided to it.

(b) Upon receipt of the review, the oversight board shall convene a public comment session to take place at least five business days before the oversight board holds the approval vote specified in subdivision (c). The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies.

(c) By October 15, 2012, for the Low and Moderate Income Housing Fund and by January 15, 2013, for all other funds and accounts, the oversight board shall review, approve, and transmit to the department and the county auditor-controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval shall occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the determination. ~~The oversight board shall be empowered to authorize a successor agency to retain assets or funds identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision (c) of Section 34179.5. An oversight board that makes that authorization also shall identify to the department the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets shall be subject to the review and approval of the department pursuant to subdivision (d).~~

(d) The department may adjust any amount associated with the determination of the resulting amount described in paragraph (6) of subdivision (c) of Section 34179.5 based on its analysis and information provided by the successor agency and others. The department shall consider any findings or opinions of the county auditor-controllers and the Controller. The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than November 9, 2012, for the Low and Moderate Income Housing Fund and also shall notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain assets or funds made

pursuant to subdivision (c). The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than April 1, 2013, for the other funds and accounts and also shall notify the oversight board and the successor agency of its decision to overturn any oversight board authorizations made pursuant to subdivision (c). The department shall provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board made pursuant to subdivision (c).

(e) The successor agency and the entity or entities that created the former redevelopment agency may request to meet and confer with the department to resolve any disputes regarding amounts or sources of funds identified as determined by the department. The request shall be made within five business days of the transmission, and no later than November 16, 2012, for the determination regarding the Low and Moderate Income Housing Fund, to the successor agency or the designated local authority of the department's determination, decisions, and explanations and shall be accompanied by an explanation and documentation of the basis of the dispute. The department shall meet and confer with the requesting party and modify its determinations and decisions accordingly. The department shall either confirm or modify its determinations and decisions within 30 days of the request to meet and confer.

(f) Each successor agency shall transmit to the county auditor-controller the amount of funds required pursuant to the determination of the department within five working days of receipt of the notification under subdivision (c) or (e) if a meet and confer request is made. Successor agencies shall make diligent efforts to recover any money determined to have been transferred without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5. The department shall notify the county auditor-controller of its actions and the county auditor-controller shall disburse the funds received from successor agencies to taxing entities pursuant to Section 34188 within five working days of receipt. Amounts received after November 28, 2012, and April 10, 2013, may be held and disbursed with the regular payments to taxing entities pursuant to Section 34183.

(g) By December 1, 2012, the county auditor-controller shall provide the department a report specifying the amount submitted by each successor agency pursuant to subdivision (d) for low- and moderate-income housing funds, and specifically noting those successor agencies that failed to remit the full required amount. By April 20, 2013, the county auditor-controller shall provide the department a report detailing the amount submitted by each successor agency pursuant to subdivision (d) for all other funds and accounts, and specifically noting those successor agencies that failed to remit the full required amount.

(h) If a successor agency fails to remit to the county auditor-controller the sums identified in subdivisions (d) and (f), by the deadlines specified in those subdivisions, the following remedies are available:

(1) (A) If the successor agency cannot promptly recover the funds that have been transferred to another public agency without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency to which the funds were transferred. To recover such funds, the Department of Finance may order the State Board of Equalization to make an offset pursuant to subdivision (a) of Section 34179.8. If the Department of Finance does not order a sales tax offset, the county auditor-controller may

reduce the property tax allocations to any local agency in the county that fails to repay funds pursuant to subdivision (c) of Section 34179.8.

(B) The county auditor-controller and the department shall each have the authority to demand the return of funds improperly spent or transferred to a private person or other private entity. If funds are not repaid within 60 days, they may be recovered through any lawful means of collection and are subject to a ten percent penalty plus interest at the rate charged for late personal income tax payments from the date the improper payment was made to the date the money is repaid.

(C) If the city, county, or city and county that created the former redevelopment agency is also performing the duties of the successor agency, the Department of Finance may order an offset to the distribution provided to the sales and use tax revenue to that agency pursuant to subdivision (a) of Section 34179.8. This offset shall be equal to the amount the successor fails to remit pursuant to subdivision (f). If the Department of Finance does not order a sales tax offset, the county auditor-controller may reduce the property tax allocations of the city, county, or city and county that created the former redevelopment agency pursuant to subdivision (c) of Section 34179.8.

(D) The department and the county auditor-controller shall coordinate their actions undertaken pursuant to this paragraph.

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(2) Alternatively or in addition to the remedies provided in paragraph (1), the department may direct the county auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 until the amount of payment required pursuant to subdivision (d) is accomplished.

(3) If the Department of Finance determines that payment of the full amount required under subdivision (d) is not currently feasible or would jeopardize the ability of the successor agency to pay enforceable obligations in a timely manner, it may agree to an installment payment plan.

(i) (1) If a legal action contesting a withholding effectuated by the State Board of Equalization pursuant to subparagraphs (B), (C), or (B) and (C) of paragraph (2) of subdivision (b) of Section 34183.5 is successful and results in a final judicial determination, the court shall order the state to pay to the prevailing party a penalty equal to a percentage of the amount of funds found by the court to be improperly withheld, as provided in Section 34179.8. This percentage shall be equivalent to the number of months the funds have been found by the court to be improperly withheld, not to exceed 10 percent.

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(2) If a legal action contesting an offset effectuated by the State Board of Equalization or the county auditor-controller pursuant to subdivision (h) is successful and results in a final judicial determination, the court shall order the state or the county auditor-controller to pay to the prevailing party a penalty equal to 10 percent of the amount of funds found by the court to be improperly offset, as provided in Section 34179.8.

(j) If a legal challenge to invalidate any provision in subdivision (h) or subparagraph (B) or (C), or subparagraphs (B) and (C) of paragraph (2) of subdivision (b) of Section 34183.5 is successful and results in a final judicial determination, the invalidated provision shall become

inoperative and subdivision (i) shall become inoperative with respect to the invalidated provision.

34179.7. Upon full payment of the amounts determined in subdivision (d) or (e) of Section 34179.6 as reported by the county auditor-controller pursuant to subdivision (g) of Section 34179.6 and of any amounts due as determined by Section 34183.5, or upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the county auditor-controller, the department shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency.



Report

Reviewed and Approved

*Carol Martin*

City Manager

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**AGENDA ITEM**  
**City Council Meeting**  
**Successor Agency Item**

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**TO:** Oversight Board -Successor Agency to the Former Shasta Lake Redevelopment Agency

**FROM:** Carol Martin, Executive Officer

**DATE:** August 7, 2012

**SUBJECT:** Consideration of a Resolution of the Oversight Board of the Successor Agency to the Former Shasta Lake Redevelopment Agency Approving and Transmitting the Proposed Recognized Obligation Payment Schedule for the Six- Month Period Ending June 30, 2013 to the Shasta County Auditor-Controller, Shasta County Administrative Office and California Department of Finance for Review.

**FILE:**

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**SUMMARY:**

On February 1, 2012, pursuant to Assembly Bill 1x 26 (Blumenfeld) ("Dissolution Act"), the City of Shasta Lake Redevelopment Agency ("Former Redevelopment Agency") was dissolved and a new process of winding-down the financial and business affairs of the Former Redevelopment Agency commenced. On January 9, 2012, the City of Shasta Lake ("City") elected to become the Successor Agency to the Former Redevelopment Agency ("Successor Agency") to carry out the necessary actions, including administration and payment of preexisting obligations of the Former Redevelopment Agency.

As part of the wind-down process, the Successor Agency must review and formally approve a Recognized Obligation Payment Schedule ("ROPS") for each 6-month fiscal period. On March 6, 2012, the Successor Agency approved the ROPS covering the periods January 1, 2012 to June 30, 2012 and July 1, 2012 to December 31, 2012. Tonight, the Successor Agency will consider approving the ROPS covering the period January 1, 2013 to June 30, 2013.

On June 26, 2012, the California State Legislature passed, and on June 27, 2012 the Governor signed Assembly Bill 1484 ("AB 1484"), which made several substantive changes to the Dissolution Act. One such change is to now require that any proposed ROPS be transmitted to the Oversight Board to the Former Redevelopment Agency ("Oversight Board") for approval, and to the Shasta County Auditor-Controller ("Auditor-Controller"), the Shasta County Administrative Office ("CAO"), and the California Department of Finance ("DOF") for review,

after which time the Oversight Board may approve and transmit the adopted ROPS to the DOF for their final consideration. The Successor Agency adopted Resolution CC 12-71 on August 7, 2012 approving the transmittal of these documents to the Oversight Board, the Auditor-Controller, the CAO, and the California DOF.

**DISCUSSION:**

The ROPS generally describes the administrative and other financial obligations projected over the 6-month period ending June 2013. Upon approval by the Oversight Board, the ROPS will be transmitted to the DOF for final review and approval. With DOF approval, the Auditor-Controller will be authorized to disperse property tax revenue to pay ROPS obligations.

Beginning with this ROPS cycle, often referred to as ROPS III, the Successor Agency must also reconcile prior ROPS estimated obligations versus actual expenditures. Therefore, as part of the ROPS covering January 2013 to June 2013, the Successor Agency must also show estimated and actual expenditures for ROPS I, which covered January 2012 to June 2012. This worksheet is considered part of the ROPS that is being presented for your approval and has been included in the attachments.

It is important to note that DOF recently drafted a new format for all ROPS which was not made available until the afternoon of August 1, 2012. The Successor Agency had less than 24 hours to complete the ROPS and submit it as an Agenda item for this meeting. As such, the Successor Agency also asks for your authorization to make minor changes and adjustments to future estimated payments or prior actual expenditures before submitting the ROPS to the Oversight Board for approval.

**FISCAL IMPACTS:**

The costs associated with the preparation of this document and recommended actions are part of the Successor Agency's enforceable obligations and administrative budget. Approval of the recommended actions will not specifically result in additional outlays until the Oversight Board renders their approval of the ROPS. It is staff's expectation that this document will be approved as presented, resulting in no net cost to the City General Fund for administration of these obligations.

**ATTACHMENTS:**

SAOB Resolution for consideration  
Resolution CC 12-71 adopted August 7, 2012  
January – June 2013 ROPS

## RESOLUTION SAOB 12-

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**A RESOLUTION OF THE SUCCESSOR AGENCY OVERSIGHT BOARD OF THE FORMER SHASTA LAKE REDEVELOPMENT AGENCY APPROVING AND TRANSMITTING THE PROPOSED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH PERIOD ENDING JUNE 30, 2013 TO THE VARIOUS STATE AND LOCAL AGENCIES, AS REQUIRED UNDER THE DISSOLUTION ACT.**

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**WHEREAS**, on January 9, 2012, the City Council of the City of Shasta Lake adopted Resolution No.CC 12-02 electing to serve as the successor agency ("Successor Agency") to the former Redevelopment Agency of the City of Shasta Lake ("Redevelopment Agency") for the purposes of administering the dissolution of the Redevelopment Agency pursuant to Health and Safety Code Section 34173; and

**WHEREAS**, among the duties of successor agencies under the provisions of Assembly Bill 26 from the 2011-12 First Extraordinary Session of the Legislature ("ABx1 26" or the "Dissolution Act"), is the preparation of a recognized obligation payment schedule ("ROPS") for the ensuing six-month period for consideration by a local oversight board and Department of Finance for purposes of administering the wind-down of financial obligations of the Redevelopment Agency; and

**WHEREAS**, as amended by Assembly Bill 1484 ("AB 1484"), the Dissolution Act requires that the proposed ROPS be transmitted to the local oversight board, county auditor-controller, county executive officer, Department of Finance, and State Controller, after which time the oversight board may approve and transmit the adopted ROPS to the Department of Finance for their consideration; and

**WHEREAS**, the proposed ROPS for the six-month period ending June 30, 2013, attached hereto as Exhibit "A" has been prepared by staff and consultants consistent with the provisions of the Dissolution Act and in the format made available by the Department of Finance; and

**WHEREAS**, the City Council, acting as the Successor Agency, approved Resolution CC 12-71 on August 7, 2012 for the submittal of the ROPS to the Successor Agency Oversight Board for consideration in transmitting to the various State and local agencies as required under the Dissolution Act.

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency Oversight Board of the City of Shasta Lake Redevelopment Agency, California, as follows:

**SECTION 1.** The above recitals are true and correct and are adopted as the findings of the City Council and Successor Agency Oversight Board.

**SECTION 2.** The Successor Agency Oversight Board hereby approves the proposed Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013 in the form attached herewith.

**SECTION 3.** Staff is hereby authorized to carry out other administrative duties, including the transmittal of the ROPS to various state and local agencies, as required under the Dissolution Act.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the Successor Agency Oversight Board of the City of Shasta Lake held on this 13th day of August 2012, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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**LARRY FARR, Chairman**  
City of Shasta Lake, California

**ATTEST:**

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**TONI COATES, City Clerk/Secretary**  
City of Shasta Lake, California

## Successor Agency Contact Information

Name of Successor Agency: Successor Agency to the Shasta Lake Redevelopment Agency  
County: Shasta County

Primary Contact Name: John Duckett  
Primary Contact Title: Assistant City Manager  
Address: City of Shasta Lake, P.O. Box 777, Shasta Lake, CA 96019  
Contact Phone Number: (530) 275-7427  
Contact E-Mail Address: [jduckett@cityofshastalake.org](mailto:jduckett@cityofshastalake.org)

Secondary Contact Name: Carol Martin  
Secondary Contact Title: City Manager  
Secondary Contact Phone Number: (530) 275-7411  
Secondary Contact E-Mail Address: [cmartin@cityofshastalake.org](mailto:cmartin@cityofshastalake.org)

**SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: Successor Agency to the Shasta Lake Redevelopment Agency

	Total Outstanding Debt or Obligation
<b>Outstanding Debt or Obligation</b>	<b>\$ 10,569,423</b>
<b>Current Period Outstanding Debt or Obligation</b>	<b>Six-Month Total</b>
A Available Revenues Other Than Anticipated RPTTF Funding	-
B Anticipated Enforceable Obligations Funded with RPTTF	852,927
C Anticipated Administrative Allowance Funded with RPTTF	273,598
D Total RPTTF Requested (B + C = D)	1,126,525
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be the same amount as ROPS form six-month total</i>	<b>\$ 1,126,525</b>
E Enter Total Six-Month Anticipated RPTTF Funding <i>(Obtain from county auditor-controller)</i>	1,126,525
F Variance (E - D = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	<b>\$ -</b>
<b>Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments</b> (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	1,881,792
H Enter Actual Obligations Paid with RPTTF	1,610,939
I Enter Actual Administrative Expenses Paid with RPTTF	159,841
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	111,012
<b>K Adjusted RPTTF</b> <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	<b>\$ 1,015,513</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177(m) of the Health and Safety code,  
I hereby certify that the above is a true and accurate Recognized  
Obligation Payment Schedule for the above named agency.

\_\_\_\_\_  
Name Title

\_\_\_\_\_  
Signature Date

Name of Successor Agency:

Successor Agency to the Shasta Lake Redevelopment Agency

County:

Shasta County

**RECOGNIZED OBLIGATIONS**  
**January 1, 201**

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope
<b>Grand Total</b>					
1	2006 Tax Allocation Bonds	2/4/2006	6/1/2027	Union Bank of California	Principal and interest payments due on bond
2	Fiscal Agent Fees	2/4/2006	6/2/2027	Union Bank of California	Bond Trustee fees that must be paid annually
3	Continuing Disclosure	2/4/2006	6/3/2027	RSG, Inc.	Continuing disclosure is required by the Bond Agreement
4	Knauf Fiber Glass Agreement	10/18/1996	June 30th, 2014	Knauf Fiber Glass GmbH	repaying a loan from Knauf for a City industrial park project
5	Law Enforcement Center	4/7/2009	estimated completion in December 2012	Lakmann Construction, Inc	Balance due on construction of the New Sheriff's Station
6	Meade Street Senior Housing	10/26/2009	12/31/2013	Northern Valley Catholic Social Services	Partnership for a low-income senior housing project
7	Contract for Legal Services	2/1/2012	annual renewal	John Kenny, City Attorney	general legal services
8	Contract for Economic Development Services	2/1/2012	annual renewal	Economic Development Corporation	Contract with EDC for economic development programs
9	Contract for Business Development	2/1/2012	annual renewal	Shasta Lake Chamber of Commerce	Contract with Chamber of Commerce for business and job development
10	Successor Agency Administrative	2/1/2012	annual renewal	Successor Agency Employees	Cost of operating the Successor Agency
11	Successor Agency Liability Insurance	2/1/2012	annual renewal	Small Cities Org Risk Effort	Required liability insurance
12	Successor Agency Support	2/1/2012	annual renewal	RSG, Inc.	Services to perform certain admin duties
13	Housing Monitoring Services	4/19/1986	4/19/2041	City of Shasta Lake Employees	Affordable Housing Monitoring as required by housing contracts
14	Property Carry Costs	Depends on various property purchase dates	annual renewal	Commercial Center	Maintenance and operations of property owned by the Agency

Oversight Board Approval Date: \_\_\_\_\_

**JN PAYMENT SCHEDULE (ROPS III)  
13 through June 30, 2013**

Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						Six-Month Total
			LMIHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	
	\$ 10,569,423	\$ 1,781,985	\$ -	\$ -	\$ -	\$ 273,598	\$ 852,927	\$ -	\$ 1,126,525
Shasta Dam Redevelopment Project Area	7,111,723.50	486,543					360,772.00		360,772
Shasta Dam Redevelopment Project Area	27,000.00	3,000					3,000		3,000
Shasta Dam Redevelopment Project Area	10,400.00	1,300.00					-		-
Shasta Dam Redevelopment Project Area	1,054,570.00	360,463					360,463.00		360,463
Shasta Dam Redevelopment Project Area	24,030.00	365,125					-		-
Shasta Dam Redevelopment Project Area	1,921,600.00	2,700							-
Shasta Dam Redevelopment Project Area	5,000.00	10,000					5,000		5,000
Shasta Dam Redevelopment Project Area	37,500.00	75,000					37,500		37,500
Shasta Dam Redevelopment Project Area	5,500.00	11,000					5,500		5,500
Shasta Dam Redevelopment Project Area	273,598.23	298,471				273,598			273,598
Shasta Dam Redevelopment Project Area	14,211.50	12,803					6,402		6,402
Shasta Dam Redevelopment Project Area	25,000.00	50,000					25,000		25,000
Shasta Dam Redevelopment Project Area	46,290.00	92,580					46,290		46,290
Shasta Dam Redevelopment Project Area	13,000.00	13,000					3,000		3,000

Name of Successor Agency: Successor Agency to the Shasta Lake Redevelopment Agency  
 County: Shasta County

**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III) -- Notes (Optional)**  
**January 1, 2013 through June 30, 2013**

Item #	Notes/Comments
1	Proceeds were used to reimburse the Agency for prior money spent on projects, to finance certain activities within or of benefit to the Project Area, to provide a reserve fund, and to pay the cost of issuance of the bonds
2	The Agency must pay the bond trustee \$3,000 in fees every June.
3	Pursuant to the Continuing Disclosure Agreement included as part of the 2006 TAB Agreement, the Agency must provide a Continuing Disclosure Report annually. The report must be completed within 6 months of the close of the fiscal year.
4	In order to expand the Agency's industrial park, they entered into an agreement on October 19, 1996 with the Knauf Fiber Glass Company to fund property acquisition and construction of electrical facilities for a new Knauf manufacturing facility within the Industrial Park.
5	The Agency still owes \$ 345,100 on its contract with the Contractor. In the meantime, the Agency is responsible for the costs of project management that is required to complete the project and oversee the final stages of construction
6	The Agency is responsible for managing the project and coordinating with Northern Valley Catholic Social Services
7	Monthly legal services from John Kenny, City Attorney
8	Contract with EDC for economic development programs
9	Contract with Chamber of Commerce for business and job development
10	This budget has been prepared in accordance with Health & Safety Code Section 34177(j). Payment reflects total FY 2012-13 Admin Budget minus allocation in ROPS II.
11	Pursuant to Health & Safety Code Section 34171(d)(1)(F), the Successor Agency may continue to pay carrying insurance necessary for the operation of the Agency
12	General consulting support related to the implementation of ABx1 26 for the Successor Agency
13	Housing monitoring is contractually required by existing housing contracts the former Redevelopment Agency is party to.
14	Cost of maintaining Successor Agency properties until transfer or sale.

Name of Successor Agency:

Successor Agency to the Shasta Lake Redevelopment Agency

County:

Shasta County

**Pursuant to Health and Safety Code section 34186 (a)  
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS I)  
January 1, 2012 through June 30, 2012**

Page/Form	Line	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve
						Estimate	Actual	Estimate	Actual	Estimate
<b>Grand Total</b>						\$ 2,700	\$ 2,700	\$ -	\$ -	\$ 204,060
ROPS/1	1	2006 Tax Allocation Bonds	Union Bank of California	Principal and interest payments due on bond	Shasta Dam Redevelopment Project Area					
ROPS/1	2	2006 TAB Bond Reserve	Union Bank of California	Bond reserve fund	Shasta Dam Redevelopment Project Area					
ROPS/1	3	Fiscal Agent Fees	Union Bank of California	Bond Trustee fees that must be paid annually	Shasta Dam Redevelopment Project Area					
ROPS/1	4	Continuing Disclosure	RSG, Inc.	Continuing disclosure is required by the Bond Agreement	Shasta Dam Redevelopment Project Area					
ROPS/1	5	Knauf Fiber Glass Agreement	Knauf Fiber Glass GmbH	repaying a loan from Knauf for a City industrial park project	Shasta Dam Redevelopment Project Area					
ROPS/1	6	Law Enforcement Center	Lakmann Construction, Inc	Balance due on construction of the New Sheriff's Station	Shasta Dam Redevelopment Project Area					
ROPS/1	7	Meade Street Senior Housing	Northern Valley Catholic Social Services	Partnership for a low-income senior housing project	Shasta Dam Redevelopment Project Area	2,700	2,700			
ROPS/1	8	Contract for Legal Services	John Kenny, City Attorney	General Legal Services	Shasta Dam Redevelopment Project Area					
ROPS/1	9	Contract for Economic Development Services	Economic Development Corporation	Contract with EDC for economic development programs	Shasta Dam Redevelopment Project Area					
ROPS/1	10	Contract for Business Development	Shasta Lake Chamber of Commerce	Contract with Chamber of Commerce for business and job development	Shasta Dam Redevelopment Project Area					
ROPS/1	11	Successor Agency Administrative	Successor Agency Employees	Cost of operating the Successor Agency	Shasta Dam Redevelopment Project Area					
ROPS/1	12	Liability Insurance	Small Cities Org Risk Effort	Required liability insurance	Shasta Dam Redevelopment Project Area					
ROPS/1	13	Successor Agency Support	RSG, Inc.	Services to perform certain admin duties	Shasta Dam Redevelopment Project Area					
ROPS/1	14	Housing Monitoring Services	City of Shasta Lake Employees	Affordable Housing Monitoring as required by housing contracts	Shasta Dam Redevelopment Project Area					
ROPS/1	15	Property Carry Costs	Commercial Center	Maintenance and operations of property owned by the Agency	Shasta Dam Redevelopment Project Area					
ROPS/1	16	MOU for City Staff	City of Shasta Lake	Collective bargaining agreement for staff	Shasta Dam Redevelopment Project Area					
ROPS/1	17	HOME Program Repayment	State of California HCD HOME Program	Repayment to the State from City Downpayment Assistance Program	Shasta Dam Redevelopment Project Area					
EOPS/1	13	Street Improvements 2011	Northwest Paving	Street paving projects 2011	Shasta Dam Redevelopment Project Area					100,856
EOPS/1	9	Fire Station 3 Parking Lot	RAC Construction	Capital Project - Parking Lot Construction	Shasta Dam Redevelopment Project Area					2,313
EOPS/1	10	Downtown Parking Lot	B & J Paving	Capital Project - Parking Lot Construction	Shasta Dam Redevelopment Project Area					3,685
EOPS/1	11	Reclaimed Water Line	Water Works Engineers	Capital Project - Reclaimed Water	Shasta Dam Redevelopment Project Area					27,206
EOPS/1	12	Lift Station Upgrade/Rehab	MDS Engineering and Construction	Capital Project - Lift Station Rehab	Shasta Dam Redevelopment Project Area					70,000

Balance	Admin Allowance		RPTTF		Other	
Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
\$ 184,432	\$ 226,207	\$ 159,841	\$ 1,655,585	\$ 1,610,939	\$ -	\$ -
			355,834	\$ 355,833.75		
			488,580	\$ 488,580.00		
			3,000	\$ 2,198.00		
			1,300	1,300		
			310,117	310,117		
			24,030	35,691		
			6,600	120		
			12,600	13,876		
			10,998	10,000		
	226,207	159,841				
			6,402	6,903		
			50,000	35,823		
			46,290	26,168		
			13,000	1,190		
			6,834	3,139		
			320,000	320,000		
100,856						
2,642						
4,268						
6,666						
70,000						