



**AGENDA OF A REGULAR MEETING - SUCCESSOR AGENCY TO THE  
COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY  
REDEVELOPMENT AGENCY**

**COUNCIL CHAMBERS  
CIVIC CENTER  
1243 National City Blvd.  
National City, California  
SEPTEMBER 2, 2014 – 6:00 PM**

**RON MORRISON**  
*Chairman*

**LUIS NATIVIDAD**  
*Boardmember*

**JERRY CANO**  
*Boardmember*

**MONA RIOS**  
*Boardmember*

**ALEJANDRA SOTELO-SOLIS**  
*Boardmember*

**1243 National City Blvd.  
National City, CA 91950  
619-336-4300**

**Meeting agendas and  
minutes available on web**

**WWW.NATIONALCITYCA.GOV**

**ORDER OF BUSINESS:** Public sessions of all Regular Meetings of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency begin at 6:00 p.m. on the first and third Tuesday of each month. Public hearings begin at 6:00 p.m. unless otherwise noted. Closed Sessions begin at 5:00 p.m. or such other time as noted on the agenda. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda.

**REPORTS:** All regular meeting agenda items and reports as well as all documents and writings distributed to the Board less than 72 hours prior to the meeting, are available for review at the entry to the Council Chambers. Regular Meetings of the Board are webcast and archived on the City's website **WWW.NATIONALCITYCA.GOV**.

**PUBLIC COMMENTS:** Prior to the Business portion of the agenda, the Board will receive public comments regarding any matters within the jurisdiction of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency. Members of the public may also address any item on the agenda at the time the item is considered by the Board. Persons who wish to address the Board are requested to fill out a "Request to Speak" form available at the entrance to the City Council Chambers, and turn in the completed form to the City Clerk. The Chairperson will separately call for testimony of those persons who have turned in a "Request to Speak" form. If you wish to speak, please step to the podium at the appropriate time and state your name and address (optional) for the record. The time limit established for public testimony is three minutes per speaker unless a different time limit is announced. Speakers are encouraged to be brief. The Chairperson may limit the length of comments due to the number of persons wishing to speak or if comments become repetitious or irrelevant.

**WRITTEN AGENDA:** With limited exceptions, the Board may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior

to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

*Spanish audio interpretation is provided during Board Meetings. Audio headphones are available in the lobby at the beginning of the meeting.*

*Audio interpretación en español se proporciona durante sesiones del Consejo Municipal. Los audiófonos están disponibles en el pasillo al principio de la junta.*

**THE BOARD REQUESTS THAT ALL CELL PHONES AND PAGERS BE TURNED OFF DURING BOARD MEETINGS.**

**OPEN TO THE PUBLIC**  
**SUCCESSOR AGENCY AGENDA**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC ORAL COMMUNICATIONS (THREE-MINUTE TIME LIMIT)**

**CONSENT CALENDAR**

1. Approval of the Minutes of the Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency of August 19, 2014. (City Clerk)
2. Successor Agency Investment Report for the quarter ended June 30, 2014. (Finance)
3. Successor Agency Warrant Register #5 for the period of 7/23/14 through 7/29/14 in the amount of \$6,110,411.23. (Finance)
4. Successor Agency Warrant Register #6 for the period of 7/30/14 through 8/05/14 in the amount of \$0.00. (Finance)

**PUBLIC HEARINGS**

**NON CONSENT RESOLUTIONS**

**NEW BUSINESS**

5. Update on Redevelopment Dissolution Issues. (Community Development)
  - a) Low and Moderate Income Housing Fund Due Diligence Review (DDR);
  - b) Finding of Completion (FOC);
  - c) Long Range Property Management Plan (PMP);
  - d) 2011 Bond Legislation (AB 2493);
  - e) Recognized Obligation Payment Schedule (ROPS) 14-15B

**STAFF REPORTS**

**CLOSED SESSION REPORT**

**ADJOURNMENT**

Regular Successor Agency to the Community Development Commission as the National City Redevelopment Agency Meeting - Tuesday - September 16, 2014 - 6:00 p.m. - Council Chambers - National City, California.

Item # \_\_\_\_  
09/02/14

**APPROVAL OF THE MINUTES OF THE  
REGULAR MEETING OF THE SUCCESSOR AGENCY  
TO THE COMMUNITY DEVELOPMENT COMMISSION  
AS THE NATIONAL CITY REDEVELOPMENT  
AGENCY OF AUGUST 19, 2014**

(City Clerk)

DRAFT      DRAFT      DRAFT

**MINUTES OF THE REGULAR MEETING OF THE  
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT  
COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY**

**August 19, 2014**

The Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency was called to order at 9:32 p.m. by Chairman Ron Morrison.

**ROLL CALL**

Board members present: Cano, Morrison, Natividad, Rios.

Board member absent: Sotelo-Solis.

Administrative Officials present: Dalla, Deese, Raulston, Silva.

**PUBLIC ORAL COMMUNICATIONS**

None.

**CONSENT CALENDAR**

**ADOPTION OF CONSENT CALENDAR.** Item No. 1 (Minutes), Item Nos. 2 and 3 (Warrant Registers). Motion by Rios, seconded by Cano, to approve the Consent Calendar. Carried by the following vote, to-wit: Ayes: Cano, Morrison, Natividad, Rios. Nays: None. Absent: Sotelo-Solis. Abstain: None.

**APPROVAL OF MINUTES**

1. APPROVAL OF THE MINUTES OF THE SPECIAL MEETINGS OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY OF FEBRUARY 4, 2014 AND MARCH 4, 2014 AND ADJOURNED REGULAR MEETING OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION AS THE NATIONAL CITY REDEVELOPMENT AGENCY OF AUGUST 5, 2014. (City Clerk)

**ACTION:** Approved. See above.

**SUCCESSOR AGENCY 2014 (406-10-12)**

2. Successor Agency Warrant Register #3 for the period of 07/09/14 through 07/15/14 in the amount of \$30,839.58. (Finance)

**ACTION:** Approved. See above.

**SUCCESSOR AGENCY 2014 (406-10-12)**

3. Successor Agency Warrant Register #4 for the period of 07/16/14 through 07/22/14 in the amount of \$398.33. (Finance)

**ACTION:** Approved. See above.

**STAFF REPORT**

**CLOSED SESSION REPORT**

Agency Counsel Claudia Silva stated there was no Closed Session.

**ADJOURNMENT**

Motion by Cano, seconded by Natividad, to adjourn the meeting to the next Regular Meeting of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency to be held Tuesday, September 2, 2014, 6:00 p.m., Council Chambers, National City, California. Carried by the following vote, to-wit: Ayes: Cano, Morrison, Natividad, Rios. Nays: None. Absent: Sotelo-Solis. Abstain: None.

The meeting closed at 9:34 p.m.

\_\_\_\_\_  
Secretary

The foregoing minutes were approved at the Regular Meeting of September 2, 2014.

\_\_\_\_\_  
Chairman

**SUCCESSOR AGENCY TO  
THE COMMUNITY DEVELOPMENT COMMISSION  
AS THE NATIONAL CITY REDEVELOPMENT AGENCY  
COUNCIL AGENDA STATEMENT**

**MEETING DATE:** September 2, 2014

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Investment Report for the quarter ended June 30, 2014.

**PREPARED BY:** Ronald Gutlay

**DEPARTMENT:** Finance

**PHONE:** (619) 336-4346

**APPROVED BY:** 

**EXPLANATION:**

See attached staff report.

**FINANCIAL STATEMENT:**

**APPROVED:** 

Finance

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_

MIS

See attached staff report.

**ENVIRONMENTAL REVIEW:**

This is not a project and, therefore, not subject to environmental review.

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Accept and file the Investment Report for the quarter ended June 30, 2014.

**BOARD / COMMISSION RECOMMENDATION:**

N/A

**ATTACHMENTS:**

1. Staff Report
2. Investment Summary



## Successor Agency Staff Report

September 2, 2014

### ITEM

Staff Report: Successor Agency's Investment Report for the quarter ended June 30, 2014.

### BACKGROUND

The California Government Code (§ 53646(b)) requires that, when the treasurer or the chief fiscal officer of a local agency renders to the legislative body of the agency a quarterly report on the agency's investment portfolio, such report shall include the following information regarding all securities, investments, and moneys held by the local agency:

- type of investment;
- issuer (bank or institution);
- date of maturity;
- dollar amount invested; and
- current market valuation as of the date of the report.

In addition, the Government Code (§ 53646(b)(2)) requires that the report states the City's compliance with its investment policy and includes a statement regarding the ability of the local agency to meet its pool's ability to meet its expenditure requirements Code (§ 53646(b)(3)).

### OVERVIEW OF SUCCESSOR AGENCY INVESTMENTS

The Successor Agency invests most of its funds with the California Treasurer's Local Agency Investment Fund ("LAIF"). This is a liquid investment pool, which allows participants to earn market rate returns of large investments, while retaining access to funds within 24 hours of a withdrawal request. For the quarter ended June 30, 2014, the LAIF's interest rate was 0.24%.

The investment of debt service reserve funds; the 1999, 2004, 2005, and 2011 Tax Allocation Bonds; and the HUD Section 108 Loan Program funds are maintained by the designated fiscal agent. These funds account for 16.88% of the Successor Agency's portfolio.

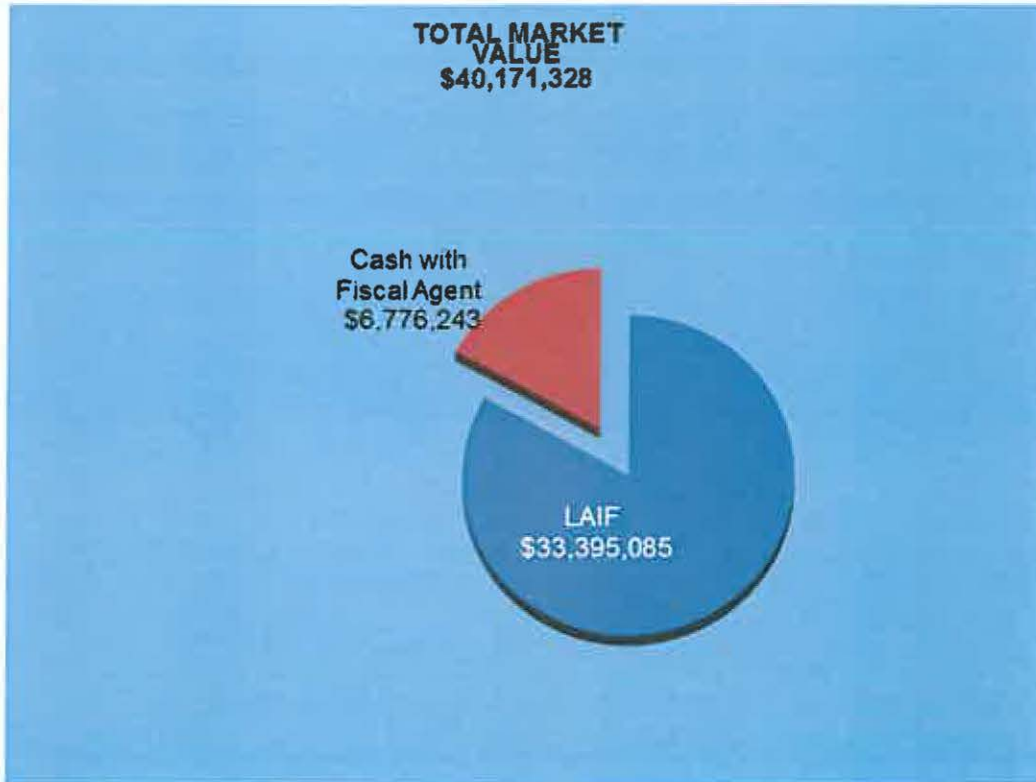
Summaries of the Successor Agency's investment portfolio are illustrated on the next page.

### SUMMARY OF INVESTMENT PORTFOLIO



**For the Quarter Ended June 30, 2014**

Investment Type	Book Value	Market Value	% of Portfolio
LAIF	\$ 33,385,964	\$ 33,395,085 <sup>2</sup>	83.13%
Cash with Fiscal Agent	6,776,243	6,776,243	16.87%
<b>Totals</b>	<b>\$ 40,162,206</b>	<b>\$ 40,171,328</b>	<b>100.00%</b>



**COMPLIANCE STATEMENT**

All of the Successor Agency’s investments are in compliance with the City’s investment policy (City Council Policy No. 203) and the California Government Code (§ 53601 et seq).

**FINANCIAL STATEMENT**

Total LAIF gains/(losses), realized and unrealized, for the period were \$18,414.

Staff certifies that there are sufficient funds to meet the pool’s expenditure requirements.

**RECOMMENDATIONS**

Accept and file the Successor Agency Investment Report for the quarter ended June 30, 2014.

**SUCCESSOR AGENCY - CDC OF NC**  
**Portfolio Management**  
**Portfolio Summary**  
**June 30, 2014**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
LAIF	33,385,963.53	33,395,084.81	33,385,963.53	83.13	1	1	0.241	0.244
Cash with Fiscal Agent	6,776,243.47	6,776,243.47	6,776,243.47	16.87	1	1	0.000	0.000
<b>Investments</b>	<b>40,162,207.00</b>	<b>40,171,328.28</b>	<b>40,162,207.00</b>	<b>100.00%</b>	<b>1</b>	<b>1</b>	<b>0.200</b>	<b>0.203</b>

<b>Total Earnings</b>	<b>June 30 Month Ending</b>
Current Year	6,071.02
<b>Average Daily Balance</b>	<b>40,162,206.83</b>
<b>Effective Rate of Return</b>	<b>0.18%</b>

Tina Norrdin, Financial Services Officer

Reporting period 06/01/2014-06/30/2014

Run Date: 08/04/2014 - 13:00

No fiscal year history available

Portfolio CDC1  
CP  
PM (PRF\_PM1) SymRept 6.41.202b  
Report Ver. 5.00

**SUCCESSOR AGENCY - CDC OF NC**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>LAIF</b>												
SYS10006	10006	LAIF			0.00	0.00	0.00	0.382	0.377	0.382	1	
SYS10044	10044	LAIF			33,385,963.53	33,395,084.81	33,385,963.53	0.244	0.241	0.244	1	
<b>Subtotal and Average</b>			<b>33,385,963.53</b>		<b>33,385,963.53</b>	<b>33,395,084.81</b>	<b>33,385,963.53</b>	<b>0.241</b>	<b>0.244</b>		<b>1</b>	
<b>Cash with Fiscal Agent</b>												
SYS10013	10013	National City 2004 TAB			35,631.96	35,631.96	35,631.96	0.000	0.000		1	
SYS10014	10014	National City 2004 TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10015	10015	National City 2004 TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10016	10016	National City 2004 TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10010	10010	National City 2005A TAB		07/01/2012	2,186,336.00	2,186,336.00	2,186,336.00	0.000	0.000		1	
SYS10011	10011	National City 2005A TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10012	10012	National City 2005A TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10028	10028	National City 2005A TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10008	10008	National City 2005B TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10009	10009	National City 2005B TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10027	10027	National City 2005B TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10039	10039	National City 2011 TAB			0.00	0.00	0.00	0.000	0.000		1	
SYS10040	10040	National City 2011 TAB		07/01/2012	4,220,954.75	4,220,954.75	4,220,954.75	0.000	0.000		1	
SYS10041	10041	National City 2011 TAB			0.00	0.00	0.00	0.000	0.000		1	
SYS10042	10042	National City 2011 TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10045	10045	National City 2011 TAB		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10020	10020	National City 1999 TAB Reserve			333,320.76	333,320.76	333,320.76	0.000	0.000		1	
SYS10029	10029	National City 1999 TAB Reserve		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
SYS10038	10038	HUD-108 NC DEFEASANCE CASH		07/01/2012	0.00	0.00	0.00	0.000	0.000		1	
<b>Subtotal and Average</b>			<b>6,776,243.30</b>		<b>6,776,243.47</b>	<b>6,776,243.47</b>	<b>6,776,243.47</b>	<b>0.000</b>	<b>0.000</b>		<b>1</b>	
<b>Total and Average</b>			<b>40,162,206.83</b>		<b>40,162,207.00</b>	<b>40,171,328.28</b>	<b>40,162,207.00</b>	<b>0.200</b>	<b>0.203</b>		<b>1</b>	

**SUCCESSOR AGENCY TO  
THE COMMUNITY DEVELOPMENT COMMISSION  
AS THE NATIONAL CITY REDEVELOPMENT AGENCY  
AGENDA STATEMENT**

**MEETING DATE:** September 2, 2014

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Successor Agency Warrant Register #5 for the period of 7/23/14 through 7/29/14 in the amount of \$6,110,411.23. (Finance)

**PREPARED BY:** K. Apalategui  
**PHONE:** 619-336-4572

**DEPARTMENT:** Finance

**APPROVED BY:** 

**EXPLANATION:**

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, the City pays all expenses of the Successor Agency. The Successor Agency then reimburses the City.

Attached is a detailed listing of all expenses totaling \$6,110,411.23, reimbursed by the Successor Agency for the period. Staff requests approval of reimbursement of the Successor Agency expenses.

**FINANCIAL STATEMENT:**

**APPROVED:**  Finance

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ MIS

Reimbursement total \$6,110,411.23.

**ENVIRONMENTAL REVIEW:**

This is not a project and, therefore, not subject to environmental review.

**ORDINANCE:**  **INTRODUCTION:**  **FINAL ADOPTION:**

**STAFF RECOMMENDATION:**

Ratification of reimbursement in the amount of \$6,110,411.23.

**BOARD / COMMISSION RECOMMENDATION:**

N/A

**ATTACHMENTS:**

Successor Agency Warrant Register #5.



**SUCCESSOR AGENCY  
WARRANT REGISTER #5  
7/29/2014**

**The Successor Agency has Reimbursed the City for the payments listed below:**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
MAZZARELLA LORENZANA LLP	LEGAL SERVICES TO PURSUE INDEMNITY	313454	7/29/14	1,402.66
OPPER & VARCO LLP	LEGAL SERVICES / S A	313462	7/29/14	4,062.50
			<b>A/P Total</b>	<b><u>\$ 5,465.16</u></b>
<u>WIRES</u>				
US BANK	2005 TAB SERIES B 8/01/14 PAYMENT	573726	7/29/14	217,335.56
THE BANK OF NEW YORK	NATIONAL CITY 1999 TAX ALLOCATION	573727	7/29/14	240,462.50
US BANK	2004 TAB SERIES A 8/01/14 PAYMENT	573729	7/29/14	401,408.05
US BANK	2011 TAB 08/01/14 PAYMENT	573730	7/29/14	1,571,276.09
US BANK	2005 TAB SERIES A 8/01/14 PAYMENT	573731	7/29/14	3,674,463.87
			<b>GRAND TOTAL</b>	<b><u>\$ 6,110,411.23</u></b>



**SUCCESSOR AGENCY TO  
THE COMMUNITY DEVELOPMENT COMMISSION  
AS THE NATIONAL CITY REDEVELOPMENT AGENCY  
AGENDA STATEMENT**

**MEETING DATE:** September 2, 2014

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Successor Agency Warrant Register #6 for the period of 7/30/14 through 8/05/14 in the amount of \$0.00. (Finance)

**PREPARED BY:** K. Apalategui  
**PHONE:** 619-336-4572

**DEPARTMENT:** Finance

**APPROVED BY:** 

**EXPLANATION:**

Pursuant to ABX1 26, all redevelopment agencies in the State of California were dissolved as of February 1, 2012. Upon dissolution of the City of National City's Redevelopment Agency, the City assumed the role of Successor Agency to the Community Development Commission as the National City Redevelopment Agency ("Successor Agency").

In order to streamline the payment process, the City pays all expenses of the Successor Agency. The Successor Agency then reimburses the City.

No Successor Agency Warrants issued for the period of 7/30/14 – 8/05/2014.

**FINANCIAL STATEMENT:**

**APPROVED:**  Finance

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ MIS

Reimbursement total \$0.00.

**ENVIRONMENTAL REVIEW:**

This is not a project and, therefore, not subject to environmental review.

**ORDINANCE:**  **INTRODUCTION:**  **FINAL ADOPTION:**

**STAFF RECOMMENDATION:**

Ratification of reimbursement in the amount of \$0.00.

**BOARD / COMMISSION RECOMMENDATION:**

N/A

**ATTACHMENTS:**

Successor Agency Warrant Register #6



**SUCCESSOR AGENCY  
WARRANT REGISTER #6  
8/5/2014**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
	NO CHARGES TO SUCCESSOR AGENCY FOR THE WEEK OF 7/30/14 - 8/05/2014			
			A/P Total	\$ -
		GRAND TOTAL		\$ -

**ITEM #5**

**9/2/14**

**UPDATE ON REDEVELOPMENT DISSOLUTION ISSUES:**

- 1) Low and Moderate Income Housing Fund Due Diligence Review (DDR)**
- 2) Finding of Completion (FOC)**
- 3) Long Range Property Management Plan (PMP)**
- 4) 2011 Bond Legislation (AB 2493)**
- 5) Recognized Obligation Payment Schedule (ROPS) 14-15B**

**(Community Development)**





# Update on Redevelopment Dissolution

Successor Agency

September 2, 2014

# Overview

- Low and Moderate Income Housing Fund Due Diligence Review (DDR)
- Finding of Completion (FOC)
- Long Range Property Management Plan (PMP)
- 2011 Bond Legislation (AB 2493)
- Recognized Obligation Payment Schedule (ROPS) 14-15B

# Background

- In July 12, 2012 SA submitted \$4.7M “true-up” payment to ATE under protest
- In letter dated Nov. 7, 2012 regarding the LMIHF DDR, DOF determined that the SA must remit \$6,155,638 to the County for distribution to the ATEs
- On Nov 14, 2012 staff went to DOF for a “meet and confer” regarding outstanding issues
- On Dec. 4, 2012 SA staff met with DOF to dispute the determination and to provide additional information including a revised DDR
- In letter dated Dec. 14, 2012, DOF confirmed its initial determination and demanded payment

# Background

- In letter dated Dec. 21, 2012, the SA responded to DOF indicating that the payment was not feasible and requested additional discussions
- On Jan. 8, 2013, the SA transmitted the Other Funds and Accounts (OFA) DDR to DOF
- On Jan. 14, 2013, Mayor Morrison, CM Rios, and staff met with Governor Brown's office and State representative to discuss outstanding issues.
  - Staff presented proposed legislation to resolve 2011 bond issues which ultimately lead to AB981 & AB2493

# Background

- In a letter dated March 26, 2013, DOF concurred with the City's OFA DDR's conclusion that there were no unencumbered balances available for distribution
  - Important to note: amount to be remitted showed a negative \$3.6 million
- Staff went to Sacramento April 25, 2013 to meet and confer on the net balance (LMIHF DDR)
- On November 17, 2013 staff and DOF held a teleconference to discuss the cash flow shortage

# Background & Current

- On April 3, 2014 DOF resubmits demand letter for \$6.1M threatening to withhold the funds from the next property tax distribution
- On April 17, 2014 staff went to Sacramento to discuss demand letter
- On May 13, 2014 DOF rescinded the April 3<sup>rd</sup> demand to withhold funds
- On August 24, 2014 DOF revises its determination on LMIHF DDR based on clarifying information from staff
  - New balance is \$572K which is a feasible demand that was transferred to CAC this week

# Finding of Completion

- Issued by DOF once true-up and DDRs are completed including payment
- Should be issued to National City this week
- Allows SA and City the following:
  - Submission and approval of the PMP
  - Place loan agreements between SA and City on the ROPS (\$420k existing loan for Police Station)
  - Enter into new agreements if necessary

# Long Range Property Management Plan (PMP)

- Must be submitted within 6 months of the Finding of Completion
- Addresses the disposition and use of real estate assets owned by the SA
- SA owns approximately 20 assets/properties
- Assets will be placed in 4 categories:
  - Public/Government Use
  - Retained for Future Development
  - Retained to Fulfill Enforceable Obligation
  - Sold through broker sale or auction



# PMP Timeline

- SDSU Sage Project students completed background research and initial draft

August 25 - September 11	Determine disposition strategy for each property and research requirements for each category
September 15 – 18	Internal staff meeting to finalize disposition strategy
September 22 - 25	Finalize LRPMP (incorporate edits, changes, etc.)
September 29	LRPMP final review
October 2014	Present LRPMP to SA & OB for approval
October 2014	Submit LRPMP to CA Department of Finance

# 2011 Bond Legislation-AB 2493

- \$40M in bonds issued in March of 2011 (\$35M in net proceeds)
- Redevelopment agencies dissolved by State legislation passed in June 2011
- Retroactive clause stating 2011 bond proceed can only be used for EOs
- Staff worked with DOF to prove \$20M qualified as EOs (WI-TOD Phase 1)

# 2011 Bond Legislation-AB 2493

- \$15M remaining for various projects
  - Community Corridors
  - Adventure Center-Port Public Improvements
  - Las Palmas Park
  - Gateway Development (Drive-in site)
- Must be approved through the ROPS if the legislation passes
- Plan to include on ROPS 14-15B

# Recognized Obligations Payment Schedule 14-15B

- Covers 6 month period from January 2015 through June 2015
- ROPS 14-15B currently being prepared
- Will be presented to SA on September 16 and OB on September 17
- Must be submitted to DOF by October 1
- Will include bond projects and police station loan

# Summary

- Low and Moderate Income Housing Fund Due Diligence Review (DDR)
- Finding of Completion (FOC)
- Long Range Property Management Plan (PMP)
- 2011 Bond Legislation (AB 2493)
- Recognized Obligation Payment Schedule (ROPS) 14-15B

Questions?



April 3, 2014

Mr. Jon Baker, Senior Auditor and Controller Manager  
San Diego County Auditor-Controller's Office  
1600 Pacific Highway, Room 166  
San Diego, CA 92101

Dear Mr. Baker:

Subject: Property Tax Withholding for the City of National City Successor Agency

On October 9, 2013, the California Department of Finance (Finance) ordered the City of National City Successor Agency (Agency) to remit to the county auditor-controller (CAC), \$6,155,638 unencumbered Low and Moderate Income Housing Funds (LMIHF). As of the date of this letter, the Agency has not yet remitted outstanding balances owed from the Due Diligence Review (DDR) process.

Accordingly, pursuant to the authority provided in HSC section 34179.6 (h) (2), Finance directs the CAC to withhold \$6,083,792 from the Agency's June 2, 2014, Redevelopment Property Tax Trust Fund (RPTTF) allocation, if such an amount is available. As a reminder, the CAC is only authorized to allocate to the Agency RPTTF in the amount authorized by Finance. Due to the amount directed to be withheld pursuant to this letter, the maximum amount the CAC is authorized to distribute to the Agency is \$1,902,364 (\$4,135,238 approved for debt service obligations minus \$2,232,874 already in the Agency's possession per the CAC reported prior period adjustment). Unless the Agency remits the amounts required from the DDR process, the amounts listed in this letter shall supersede the approved amounts listed in the Department's final ROPS determination letter to the Agency dated April 3, 2014.

Because the Agency has failed to remit these funds, and because the funds remain under Agency control, they are available to pay enforceable obligations that have been approved on the Recognized Obligation Payment Schedule (ROPS) for the 14-15A period. Although Finance is not, under these circumstances, required to authorize the use of RPTTF allocations to pay approved enforceable obligations, the withholding has been calculated to ensure, at a minimum, the Agency receives sufficient funds to pay debt service obligations.

Below are the calculations used by Finance to calculate the withholding from the RPTTF:

<b>ROPS 13-14B RPTTF Withholding Calculation</b>	
<b>Total RPTTF approved for obligations</b>	<b>\$ 10,219,030</b>
<b>RPTTF approved for debt service payments</b>	
Item No. 1	240,463
Item No. 2	403,170
Item No. 3	1,900,464
Item No. 4	1,591,141
<b>Total RPTTF approved for debt service obligations</b>	<b>4,135,238</b>
<b>Total RPTTF approved for non-debt service obligations</b>	<b>6,083,792</b>
<b>Outstanding LMIHF and OFA DDR remittance</b>	
LMIHF DDR outstanding remittance	6,155,638
OFA DDR outstanding remittance	0
<b>Total outstanding DDR remittance</b>	<b>6,155,638</b>
<b>RPTTF Withholding Directed by Finance<sup>1/</sup></b>	<b>\$ 6,083,792</b>
<sup>1/</sup> The HSC section 34179.6 (h) (2) withholding directed by Finance is calculated to be equal to or less than the total RPTTF approved for non-debt service obligations.	

Whether the Agency actually allocates unremitted DDR balances to the payment of enforceable obligations or not, future ROPS should reflect a reduction in the Agency's request to use RPTTF funds equal to the amount withheld by the CAC pursuant to this letter.

Finally, to the extent the Agency pays all or a portion of their outstanding DDR remittance prior to the June 2, 2014 allocation of RPTTF, you are authorized to reduce the amount of property tax withholding by the amount paid by the Agency. To the extent the RPTTF allocation withholding does not fully satisfy the DDR amounts owed, future withholdings may be directed by Finance.

Finance will provide additional instruction to the CACs for the reporting of these RPTTF withholdings.

Please direct inquiries to Chris Hill, Principal Program Budget Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Brad Raulston, Executive Director, City of National City  
Ms. Denise Davis, Executive Secretary, City of National City  
California State Controller's Office





May 13, 2014

Mr. Jon Baker, Senior Auditor and Controller Manager  
San Diego County Auditor-Controller's Office  
1600 Pacific Highway, Room 166  
San Diego, CA 92101

Dear Mr. Baker:

Subject: Property Tax Withholding for the City of National City Successor Agency

On December 14, 2012, the California Department of Finance (Finance) ordered the City of National City Successor Agency (Agency) to remit to the county auditor-controller (CAC), \$6,155,638 in unencumbered Low and Moderate Income Housing Funds (LMIHF). Subsequently, Finance issued a property tax withholding letter to the CAC on April 3, 2014. We hereby rescind the property tax withhold request.

After further discussions with the Agency, Finance has committed to work with the Agency towards a solution that addresses some of the issues they raised. Therefore, no funds are to be withheld from the Agency's June 2, 2014, Redevelopment Property Tax Trust Fund (RPTTF) allocation.

We appreciate your continued assistance throughout the RDA dissolution process. If you have any questions, please direct inquiries to Chris Hill, Principal Program Budget Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Brad Raulston, Executive Director, City of National City  
Ms. Denise Davis, Executive Secretary, City of National City  
California State Controller's Office



FINAL REVISION

August 24, 2014

Mr. Brad Raulston, Executive Director  
City of National City  
1243 National City Blvd.  
National City, CA 91950

Dear Mr. Raulston:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes all of the California Department of Finance's (Finance) previous Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letters. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of National City Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to Finance on October 18, 2012. Finance issued a LMIHF DDR determination letter on November 7, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer Session was held on December 4, 2012.

Based on a review of additional or clarifying information provided to Finance during the Meet and Confer process, Finance continues to believe the adjustments made to the DDR's stated balance of LMIHF available for distribution to the taxing entities is appropriate. HSC section 34179.6 (d) authorizes Finance to make these adjustments. We maintain the adjustments continue to be necessary for the following reason:

The Agency contends the retention of current balances is necessary in order to meet obligations related to the WI-TOD project due in the Recognized Obligation Payment Schedule (ROPS) periods covering fiscal year 2012-13. Finance originally denied the Agency's request to retain \$15,873,200 due to a lack of evidence there would be insufficient property taxes to pay the specified obligations. During the Meet and Confer process, the Agency provided additional information including a projection of annual revenue and spending requirements. Upon review of the additional information, Finance has concluded that although the Agency contends they will experience a deficit in ROPS periods through December 2015, there should be sufficient funds to cover future obligations. This determination is further supported by the January through June 2013 ROPS (ROPS III) Meet and Confer process where the WI-TOD project items were determined to be unenforceable.

Specifically, the Agency contends the WI-TOD items are in continuance of a Development and Disposition Agreement (DDA) between the former RDA and a third party dated June 21, 2011. Further review of the DDA shows the Agency is not required to perform these items; therefore, these are not enforceable obligations and not eligible for payment from the LMIHF.

HSC provides successor agencies with various methods to address short term cash flow issues, should they occur. These may include refinancing debt pursuant to HSC section 34177.5 (a), requesting a loan from the city pursuant to HSC section 34173 (h), or accumulating reserves for future obligations when a future balloon or uneven payment is expected. The Agency should seek counsel from their oversight board to determine the solution most appropriate for their situation.

Since the Agency has alternatives to address short term cash flow shortages, Finance deems it is not necessary for the Agency to retain the requested funds.

Subsequent to the Meet and Confer, the Agency provided additional information supporting that the Agency did not report a negative cash balance in the amount of \$3,649,724. Therefore, we have determined the total amount of assets held as of June 30, 2012 should be \$4,768,482. As such, the total amount of assets held as of June 30, 2012 has been decreased by \$3,649,724, from \$8,418,206 to \$4,768,482.

The Agency also provided information and documentation subsequent to the meet and confer to support that an additional \$1,933,318 should be retained to fund enforceable obligations approved for payment during the July through December 2012 ROPS period (ROPS II). We note that in our letter dated November 7, 2012 the Agency was permitted to retain \$1,067,568 for ROPS II and \$1,195,000 for ROPS III period obligations. Therefore, the Agency will be permitted to retain a total of \$4,195,886 (\$1,933,318 + \$1,067,568 + \$1,195,000) to fund enforceable obligations for approved for payment during ROPS II and ROPS III.

Finance notes that HSC section 34177 (a) (3) states that only those payments listed in the approved ROPS may be made from the funding source specified in the ROPS. However, HSC section 34177 (a) (4) goes on to state that with prior approval from the oversight board, the successor agency can make payments for enforceable obligations from sources other than those listed in the ROPS. In the future, the Agency should obtain prior oversight board approval when making payments for enforceable obligations from a funding source other than those approved by Finance.

As such, the Agency's LMIHF balance available for distribution to the affected taxing entities continues to be \$572,596 (see table below).

<b>LMIHF Balances Available For Distribution To Taxing Entities</b>	
Available Balance per DDR:	\$ (7,454,994)
Finance Adjustments	
Add:	
Requested retained balance not supported	15,873,200
Approved ROPS items	(4,195,886)
Adjustment to the June 30, 2012 balance	\$ (3,649,724)
<b>Total LMIHF available to be distributed:</b>	<b>\$ 572,596</b>

This is Finance's final determination of the LMIHF balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated September 11, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Denise Davis, Executive Secretary, City of National City  
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego  
California State Controller's Office