

**STAFF REPORT**  
**Oversight Board Meeting August 23, 2012**

**TO:** Honorable Mayor and Council Members  
**FROM:** Patrick Enright  
**DATE:** August 23, 2012  
**RE:** APPROVAL OF ROPS NO. 3

**RECOMMENDATION:**

Staff recommends that the Oversight Board for the Successor Agency to the South Tahoe Redevelopment Agency adopted a Resolution approving the Amended Recognized Obligation Payment Schedule for the six-month fiscal period from January 1, 2013 through June 30, 2013 and taking certain related actions.

**ISSUE AND DISCUSSION:**

Pursuant to AB X1 26, the Successor Agency must prepare a Recognized Obligation Payment Schedule ("ROPS") for each six-month fiscal period (commencing each January 1 and July 1), listing the payments to be made by the Successor Agency during such period. All ROPS must be approved by the Oversight Board. Furthermore, each Oversight Board-approved ROPS must be submitted to the State Department of Finance ("DOF") for review.

On May 2012, the Oversight Board approved the ROPs for the period from January 1, 2013 to June 30, 2012. On or about June 2012, the Successor Agency was informed by the County Auditor-Controller the properties that consists of the Chateau had been reassessed by the County, with an annual reduction in property taxes due on the properties of approximately \$500,000. The County also reassessed for the last three years, which involves a tax bill of approximately \$1.5 million that must be paid by the Successor Agency. The ROPs has been amended to include the reassessment and the back tax bill from the County.

The ROPs also have been amended to reflect the dismissal of the Patel litigation. With the dismissal of the Patel litigation and the bankruptcy of Lake Tahoe Development, the budget for Outside Legal Services has been reduced from \$50,000 to \$5,000. The remaining contact for Outside Legal Fees would be with Richards, Watson & Gershon in Los Angeles who specialized in redevelopment law and now the dissolution of redevelopment agencies. The Successor Agency will use Richards Watson & Gershon for specialized advice and commits to minimize their fees.

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On June 27, 2012, the Governor signed the State budget trailer bill AB 1484, which became effective immediately. AB 1484 imposes new requirements and deadlines, beginning with the ROPS covering the period from January 1, 2013 through June 30, 2013 ("ROPS No. 3").

### **Deadlines for ROPS Submission and Review**

AB 1484 does not specify a deadline for the Successor Agency to submit ROPS No. 3 to the Oversight Board for approval. However, the Successor Agency must submit an Oversight Board-approved ROPS No. 3 to the DOF, the Office of the State Controller and the County Auditor-Controller no later than **September 1, 2012**. The Successor Agency must submit the ROPS to the DOF electronically in the manner of DOF's choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency's website.

The DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five business days of the DOF's determination, the Successor Agency may request to "meet and confer" with the DOF on disputed items. The meet and confer period may vary, but an untimely submission of ROPS No. 3 may result in a meet and confer period of less than 30 days.

The County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency and the Oversight Board by October 1, 2012.

### **Penalties for Failure to Make Timely Submission**

If the Successor Agency does not submit an Oversight Board-approved ROPS by September 1, 2012, the City of South Lake Tahoe will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the successor agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty. Additionally, if the Successor Agency does not submit a ROPS within 10 days of September 1st, the Successor Agency's administrative cost allowance for that period will be reduced by 25 percent.

If the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five business days of "the date upon which the ROPS is to be used to determine the amount of property tax allocations", the DOF may determine whether the County Auditor-Controller should distribute any of property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. It is not clear what is "the date upon which the ROPS is to be used to determine the amount of property tax allocations."

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**FINANCIAL AND/OR POLICY IMPLICATIONS:**

The preparation and submittal of ROPS No. 3 is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from January 1, 2013 to June 30, 2013.

A handwritten signature in black ink, appearing to read 'Patrick L. Enright', is written over a horizontal line.

Patrick L. Enright

RESOLUTION NO. OB \_\_\_\_\_

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE SIX-MONTH FISCAL PERIOD FROM JANUARY 1, 2013 THROUGH JUNE 30, 2013, AND TAKING CERTAIN RELATED ACTIONS**

RECITALS:

A. Pursuant to Health and Safety Code Section 34177(l), the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") must prepare a proposed Recognized Obligation Payment Schedule ("ROPS") before each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed ROPS to the oversight board for the Successor Agency (the "Oversight Board") for approval.

B. Pursuant to Health and Safety Code Section 34177(l)(2)(C) and (m), the Successor Agency must (1) submit the Oversight Board-approved ROPS for the six-month fiscal period from January 1, 2013 through June 30, 2013 ("ROPS No. 3"), to the DOF, the Office of the State Controller, and the County Auditor-Controller no later than September 1, 2012; and (2) post a copy of the Oversight Board-approved ROPS No. 3 on the Successor Agency's website.

**NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves proposed ROPS No. 3, substantially in the form attached hereto as Exhibit A. Staff of the Successor Agency is hereby authorized and directed to submit a copy of Oversight Board-approved ROPS No. 3 to the DOF, the Office of the State Controller, and the County Auditor-Controller and to post a copy of the Oversight Board-approved ROPS No. 3 on the Successor Agency's Internet website (being a page on the Internet website of the City of South Lake Tahoe).

Section 3. The Oversight Board hereby designates Michael Nakama, as the official designated to whom DOF may make a request for review in connection with actions taken by the Oversight Board.

Section 4. The officers of the Oversight Board and the staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including requesting additional review by the DOF and an opportunity to meet and confer on any disputed items, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**PASSED, APPROVED AND ADOPTED** this 23<sup>rd</sup> day of August, 2012, by the following vote:

AYES: Board members \_\_\_\_\_

NOES: Board members \_\_\_\_\_

ABSTAIN: Board members \_\_\_\_\_

ABSENT: Board members \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Clerk of the Board

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Hal Cole, Chairperson

**EXHIBIT A**

**SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE  
(January 1, 2013 through June 30, 2013)**

## Successor Agency Contact Information

Name of Successor Agency:	<u>South Tahoe Redevelopment</u>
County:	<u>Successor Agency</u>
	<u>El Dorado County</u>
Primary Contact Name:	<u>Debbie McIntyre, Accounting Manager</u>
Primary Contact Title:	<u>1901 Airport Road, South Lake Tahoe,</u>
Address:	<u>CA. 96150</u>
Contact Phone Number:	<u>(530)-542-7402</u>
Contact E-Mail Address:	<u>dmcintyre@cityofslt.us</u>
Secondary Contact Name:	<u>Michael Nakama</u>
Secondary Contact Title:	<u>Director of Finance</u>
Secondary Contact Phone Number:	<u>(530) 542-6064</u>
Secondary Contact E-Mail Address:	<u>mnakama@cityofslt.us</u>

**SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

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

Name of Successor Agency: South Tahoe Redevelopment Successor Agency

	Total Outstanding Debt or Obligation
<b>Outstanding Debt or Obligation</b>	<b>\$ 150,954,788</b>
<b>Current Period Outstanding Debt or Obligation</b>	<b>Six-Month Total</b>
A Available Revenues Other Than Anticipated RPTTF Funding	50000
B Enforceable Obligations Funded with RPTTF	2735820
C Administrative Allowance Funded with RPTTF	0
D Total RPTTF Funded (B + C = D)	2735820
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$ 2,785,820
E Enter Total Six-Month Anticipated RPTTF Funding	
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ (2,735,820)
<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 same amount as RPTTF approved by Finance, including admin allowance)</i>	3407139
H Enter Actual Obligations Paid with RPTTF	3182927
I Enter Actual Administrative Expenses Paid with RPTTF	114566
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	109646
K Adjustment to RPTTF	\$ 2,626,174.00

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 \_\_\_\_\_

