

**OVERSIGHT BOARD  
FOR THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR AGENCY  
MEETING MINUTES  
Friday, July 25, 2014, 3:00 p.m.  
City Council Chambers  
1901 Airport Rd.  
South Lake Tahoe, California 96150**

*NOTE: The Minutes represent the brief summary/actions of items taken at the July 25, 2014, meeting. Complete Board member discussion on agenda items are kept on audio tape per the City's record retention policy and detail on agenda items can be reviewed in the staff reports contained in the agenda packet which is kept on file in the City Clerk's department as permanent record or on the City's website at <http://www.cityofslt.us>*

**CALL TO ORDER/PLEDGE OF ALLEGIANCE TO THE FLAG:**

At 3:02 p.m., Chair Cole called the meeting to order and led the pledge of allegiance to the flag.

**ROLL CALL:**

Present at the meeting site were Chair Cole, Board Members Baugh, Kerry, Murillo and Vogelgesang. Board Member Mikulaco arrived at 3:10 p.m. Absent was Board Member Meyers. Also present were Mayor Pro-Tem Laine, City Attorney Watson, Assistant City Clerk Palazzo, City Clerk Alessi, Administrative Services Director Carlson and Financial Services Manager McIntyre.

**PUBLIC COMMUNICATIONS (2:03 p.m.):** None

**CONSENT AGENDA:**

1. Minutes:  
April 18, 2014 Special Meeting Minutes

**IT WAS MOVED BY BOARD MEMBER MURILLO AND SECONDED BY BOARD MEMBER KERRY TO APPROVE THE MINUTES AS SUBMITTED**

A vote was taken as follows.

**AYES: COLE, BAUGH, KERRY, MURILLO AND VOGELGESANG  
ABSENT: MEYERS & MIKULACO**

**NEW BUSINESS:**

- a) Resolution of the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency Accepting the Offer from the City of South Lake Tahoe to Purchase the Southwest Corner Parcels Assessor No. 027-690-08-100 and 027-690-09-100 for Appraised Fair Market Value \$800,000 and Directing Proceeds of the Sale be Utilized to Pay Enforceable Obligations in Accordance with the Approved Long Range Property Management Plan ("LRPMP")

Chair Cole introduced Mayor Pro Tem Laine and stated she would provide an overview of the item.

Mayor Pro Tem Laine stated the Successor Agency had listed the property on the corner of Ski Run Blvd. and Hwy 50 required by the Long Range Property Management Plan. She stated the City had offered to purchase the property for fair market value and the Successor

**NEW BUSINESS (a): Continued**

Agency approved the offer at its July 15, 2014 meeting. She noted the city was in a better position to market the property and bundle its commodities to attract the kind and type of business best suited to that property. She further noted the city was willing offer fair market value and take the risk in purchasing the property.

City Attorney Watson stated the contract before the board was duly passed by the Agency and the City as a legally binding document. The fair market value was supported by an appraisal and the city believed it was in the best interest of the public for it to be sold by the city as part of an overall package.

**IT WAS MOVED BY BOARD MEMBER MURILLO AND SECONDED BY BOARD MEMBER KERRY TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-3 ACCEPTING THE OFFER FROM THE CITY OF SOUTH LAKE TAHOE TO PURCHASE THE SOUTHWEST CORNER PARCEL ASSESSOR NUMBERS 027-690-08-100 AND 027-690-09-100 FOR APPRAISED MARKET VALUE \$800,000 AND DIRECTING PROCEEDS OF THE SALE BE UTILIZED TO PAY ENFORCEABLE OBLIGATIONS IN ACCORDANCE WITH THE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN AND AUTHORIZE CHAIR TO EXECUTE THE NECESSARY DOCUMENTS TO COMPLETE SALE**

Member Vogelgesang inquired when the appraisal was completed.

Member Kerry said it was completed the week prior to the Successor Agency meeting of July 15<sup>th</sup> by Johnson-Perkins.

Member Murillo inquired if the appraiser had experience in South Lake Tahoe.

Chair Cole said they were familiar with properties in South Lake Tahoe, and the added commodities. He noted the appraiser had also been used by other agencies in the area.

Member Kerry remarked the Oversight Board had directed all properties be appraised. She noted three additional appraisals were completed this week.

Member Vogelgesang stated the recommendation appeared to comply with the mandate that all assets be sold promptly for fair market value.

Note: Board Member Mikulaco arrived at 3:10 p.m. and took his seat at the dais for New Business a).

Member Mikulaco requested the resolution be read and inquired if the appraisal was completed.

Member Kerry noted the appraisal was contained behind the Long Range Property Management Plan in the agenda packet.

Member Mikulaco located the appraisal in the packet and acknowledged he saw it.

**NEW BUSINESS (a): Continued**

A vote was taken as follows.

**AYES: COLE, BAUGH, KERRY, MURILLO & VOGELGESANG**  
**ABSTAIN: MIKULACO**  
**ABSENT: MEYERS**

**NEW BUSINESS:**

- b) **Resolution of the Oversight Board of the South Tahoe Redevelopment Successor Agency Approving Repayment of a Loan Incurred in Fiscal Year 2010-11 to Pay Remittance to the Supplemental Educational Revenue Augmentation Fund and Take Certain Related Actions**

City Attorney Watson stated the Supplemental Educational Revenue Augmentation Fund (SERAF) issues were related to the Fiscal Year 2010-11 payment at which time the State of California made a determination to transfer housing funds to the State in order to provide funding for the state educational funds. He further stated as a result of the determination by the State Legislature, those funds needed to be repaid as a priority item. He noted the current outstanding amount on the SERAF loan was \$426,210 and the loan document was entered into by the Agency and the Agency's Low Income Housing Fund. He further noted under State law the loan must be repaid as a priority item after all other bonded indebtedness was paid and the Department of Finance (DOF) authorized the loan to be placed on the Recognized Obligation Payment Schedule (ROPS) and which required Oversight Board approval.

Member Baugh inquired if there were hard assets ever connected to the debt.

City Attorney Watson stated there was not and it was his belief it was the intent of the State Legislature to reach those funds as they were unencumbered funds that had no secured or collateral assets.

Member Mikulaco inquired if the loan was in first position on the schedule.

City Attorney Watson stated it was in first position of unsecured debt and explained that bonded indebtedness was always in first position because of the obligation to creditors. He restated it was a priority unsecured debt.

Member Mikulaco inquired what this debt replaced on the repayment schedule.

City Attorney Watson stated it would have gone to tax increment and made available for pass through to the taxing entities. He further stated State law required the Housing Fund be replaced because it was taken by State law.

Member Mikulaco remarked it was in effect a court order.

City Attorney Watson acknowledged it needed to be placed on the ROPS.

Member Baugh inquired if the board needed to establish the money was spent correctly as a condition prior to being able to transfer money for both New Business Items b and c.

**NEW BUSINESS (b): Continued**

City Attorney Watson stated under both New Business Items b and c, the board needed to make a determination of legality, not the underlying policy issue related to the documents. He further stated the board's determination of the item was 1) was it legal to transfer and 2) was it a priority to any other unsecured, unbonded debts of the Agency.

Member Kerry noted it was a repayment, not a transfer of debt.

Brief discussion was held regarding the State's decision to take the money from the Housing Fund.

**IT WAS MOVED BY BOARD MEMBER MURILLO AND SECONDED BY BOARD MEMBER VOGELGESANG TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-4 APPROVING REPAYMENT OF A LOAN INCURRED IN FISCAL YEAR 2010-11 TO PAY REMITTANCE TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND AND TAKE CERTAIN RELATED ACTIONS**

A vote was taken as follows:

**AYES: COLE, BAUGH, KERRY, MIKULACO, MURILLO & VOGELGESANG**  
**ABSENT: MEYERS**

**NEW BUSINESS:**

- c) **Resolution of the Oversight Board of the South Tahoe Redevelopment Successor Agency Making a Finding to Re-Establish a 2004 Loan Agreement Between the Successor Agency and the City of South Lake Tahoe as an Enforceable Obligation and Taking Certain Related Actions**

City Attorney Watson stated this item related to the 2004 loan agreement between the City and the Redevelopment Agency to assist the Redevelopment Agency with a cash flow issue with a Redevelopment Project Area No. 1 at the Heavenly Village. He noted the resolution specified the public improvements which included the reconstruction of Van Sickle Avenue, construction of drainage basins, improvements to Fern Avenue, the Intermodal Transit Center, the Stream Environment Zone Restoration Area, Transit Way and other streetscape improvements in the Project Area. He further stated the purpose of this item was to determine if the loan agreement should be placed on the Recognized Obligation Payment Schedule (ROPS) as an Enforceable Obligation and noted that there were no current assets available to pay for the loan due to the current bonded indebtedness that was currently taking the tax increment available.

Member Mikulaco inquired about the amount of the loan.

City Attorney Watson indicated it was approximately \$4M.

Chair Cole stated the amount was \$4,035,370.

Member Kerry noted that interest was still accruing.

**NEW BUSINESS (c): Continued**

Member Baugh inquired if interest was accruing at the Local Agency Investment Fund (LAIF) rate.

City Attorney Watson confirmed that was correct.

Member Baugh inquired if there was an overlap of the amounts shown on page 3, under items 3. (\$3.2M) and 4. (\$3.8M) of the agreement.

Member Kerry stated the loan was originally \$7M.

Member Baugh inquired if the board was verifying the money was used of the purpose of which it was intended.

City Attorney Watson stated Section 2 of the resolution requested the board make a finding that the City Loan was for legitimate redevelopment purposes and the loan agreement was an enforceable obligation.

Member Baugh questioned how the board should reach an opinion that the finding had been accomplished.

Member Kerry stated it was a redevelopment project specified in the loan and it was a redevelopment project specified in the resolution. She further stated there have been multiple audits which verified the money went to those projects listed.

Member Baugh stated he expected there were audits and his level of doubt that it was used as indicated was essentially zero. Baugh requested City Attorney Watson's feedback since he had not personally seen the audit and from a legal aspect how should he come to the opinion the money was used as indicated.

City Attorney Watson stated reasonable reliance could be used and the Successor Agency approved the item prior to coming before the Oversight Board. He further stated the Successor Agency's approval could be used as competent evidence sufficient for your purposes.

Member Baugh requested that the minutes reflect the board had done some level of due diligence prior to making the finding.

Member Kerry stated redevelopment agencies were required to adopt an implementation plan and an analysis of costs was done prior to entering into a loan agreement.

Chair Cole noted he was on the council when this project was completed and when bond funds were depleted, the city made the decision to loan the agency money to finish the project.

Further discussion was held regarding the circumstances surrounding entering into the loan and the steps which needed to be taken prior to being placed on the ROPS.

City Attorney Watson noted there was an underlying legality between the city and the agency.

**NEW BUSINESS (c): Continued**

IT WAS MOVED BY BOARD MEMBER BAUGH AND SECONDED BY BOARD MEMBER KERRY TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-5 MAKING A FINDING TO RE-ESTABLISH A 2004 LOAN AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF SOUTH LAKE TAHOE AS AN ENFORCEABLE OBLIGATION AND TAKING CERTAIN RELATED ACTIONS

A vote was taken as follows:

AYES: COLE, BAUGH, KERRY, MURILLO & VOGELGESANG  
ABSENT: MEYERS  
ABSTAIN: MIKULACO

**NEW BUSINESS:**

- d) Resolution of the Oversight Board of the South Tahoe Redevelopment Successor Agency Approving Transfer of Public Property from the Successor Agency to the South Tahoe Redevelopment Agency to the City of South Lake Tahoe for the Public Parcel within Heavenly Village in the City of South Lake Tahoe in Accordance with the Long Range Property Management Plan

Mayor Pro-Tem Laine stated the city approved acceptance of the transfer of the property at Heavenly Village. She indicated the city would incur an annual maintenance cost of \$20,000 and noted the property was located within the city limits adjacent to the project. She noted the property was included in the Long Range Property Management Plan (LRPMP) and the Department of Finance had approved the plan. She stated the Successor Agency was asking the Oversight Board to direct the transfer of this property.

Member Mikulaco asked if an appraisal had been done.

Member Kerry stated there was no appraisal for the property because the value was negative as shown in the LRMP.

**A MOTION WAS MADE BY MEMBER BAUGH AND SECONDED BY MEMBER MIKULACO TO TABLE THE ITEM UNTIL THERE WAS AN APPRAISAL ON THE PROPERTY.**

Chair Cole noted the property in question contained only sidewalks.

Member Mikulaco stated an appraisal could be done on any piece of property with an APN number on the tax roll.

Member Kerry asked about the purpose of an appraisal.

Member Baugh stated it would be to establish the value was zero or less.

Member Kerry stated the approved LRPMP had established the market value as zero.

**NEW BUSINESS (d): Continued**

Member Baugh stated at the last meeting he voted to approve the LRPMP with the understanding the board would discuss the property to address his questions when this item returned on the agenda. He further stated a reasonable way to resolve the issue was ordering an appraisal on the property.

Member Kerry noted the Successor Agency did not have the funds to pay for an appraisal the city would need to agree to fund an appraisal. She stated the board agreed to transfer the property through the approval of the LRPMP. She noted the property needed to be transferred to a public agency either the city or the county and stated it was a matter of who it would be transferred to and not a matter of value.

Chair Cole called for the question.

A vote was taken as follows:

**AYES: BAUGH & MIKULACO**  
**NOES: COLE, KERRY, MURILLO & VOGELGESANG**  
**ABSENT: MEYERS**

The motion failed.

**IT WAS MOVED BY BOARD MEMBER KERRY AND SECONDED BY BOARD MEMBER MURILLO TO ADOPT OVERSIGHT BOARD RESOLUTION NO. 2014-6 APPROVING TRANSFER OF PUBLIC PROPERTY FROM THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY TO THE CITY OF SOUTH LAKE TAHOE FOR THE PUBLIC PARCEL WITHIN HEAVENLY VILLAGE IN THE CITY OF SOUTH LAKE TAHOE IN ACCORDANCE WITH THE LONG RANGE PROPERTY MANAGEMENT PLAN**

Member Mikulaco stated there was a responsibility to the bond holders and inquired if the County had been approached regarding the transfer.

Chair Cole questioned Member Mikulaco if he took the item to County Counsel for an opinion.

Member Mikulaco said he did and the answer was between himself and County Counsel.

Discussion was held regarding the property ownership requirement remaining with a public agency.

Member Murillo called for the question and stated the expenses were more than the property was worth and she couldn't see the point in expending public funds on an appraisal for this type of property.

Member Mikulaco disagreed and stated there were loans for \$4M and it was his belief an appraisal was in order prior to gifting this property to the city. He further stated the County would need a resolution of intent to entertain offers.

Chair Cole stated there was a call for the question.

**NEW BUSINESS (d): Continued**

A vote was taken as follows:

AYES: COLE, KERRY, MURILLO & VOGELGESANG  
NOES: BAUGH & MIKULACO  
ABSENT: MEYERS

**OVERSIGHT BOARD MEMBER ANNOUNCEMENTS/COMMENTS:**

Member Kerry noted the city was currently looking at refinancing the bonds that were available for call. She stated an item would be presented to the Successor Agency on August 5<sup>th</sup> to reduce debt service payments with an anticipated savings of approximately \$300,000 annually.

The board provided consensus to hold their next meeting on August 8<sup>th</sup> at 2 p.m. to discuss the bond refinancing item.

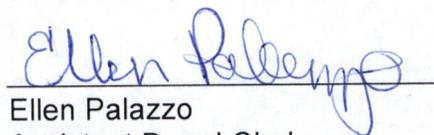
Member Baugh stated he would be asking questions about competitive bids.

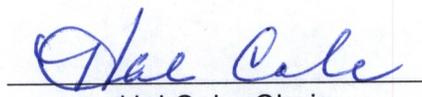
Member Kerry stated if anyone had questions regarding the bonds that Administrative Services Director Carlson and the bond team would be available to answer questions.

**ADJOURNMENT:**

Chair Cole adjourned the meeting at 3:45 p.m.

Respectfully Submitted by:

  
Ellen Palazzo  
Assistant Board Clerk

  
Hal Cole, Chair