

**STAFF REPORT**  
**Oversight Board to the Successor Agency to the**  
**South Tahoe Redevelopment Agency**

**Meeting November 14, 2014**

TO: Honorable Chair and Board Members of the Successor Agency to the South Tahoe Redevelopment Agency

FROM: Nancy Kerry, Executive Director  
Successor Agency to the South Tahoe Redevelopment Agency

RE: Resolution of the Board of Directors of the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency Approving the Use of Alternate Sources of Funds for ROPS 14-15A Enforceable Obligations and Authorizing and Directing Certain Related Actions

**RECOMMENDATION:**

Adopt attached Resolution and Forward Resolution to Department of Finance

**BACKGROUND:**

***Recognized Obligation Payment Schedule 14-15A Insufficient Funds***

Pursuant to Section 34177(l) of the Health and Safety Code ("HSC"), the Successor Agency to the South Tahoe Redevelopment Agency (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 estimated payment amounts for enforceable obligations and the source of funds for each such payment during such fiscal period. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the "Oversight Board") and the State Department of Finance (the "DOF") for approval.

The Successor Agency previously prepared a ROPS ("ROPS 14-15A") covering payments for the period from July 1, 2014 to December 31, 2014 ("ROPS 14-15A Period") and submitted ROPS 14-15A to the Oversight Board and the DOF for approval. On February 25, 2014, the Oversight Board adopted Resolution No. 2014-1 approving the Successor Agency's ROPS 14-15A. The DOF issued its letter, dated April 3, 2014, informing the Successor Agency it approved all of the items listed on the Successor Agency's ROPS 14-15A.

For ROPS 14-15A Period, the DOF approved the disbursement of \$3,959,822 by the County Auditor-Controller from the Successor Agency's Redevelopment Property Tax Trust Fund (the "RPTTF") to the Successor Agency for payment of enforceable

obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

In June 2014, the County Auditor-Controller disbursed \$2,201,589 to the Successor Agency from the RPTTF (the "ROPS 14-15A RPTTF Disbursement"), which is insufficient to pay the total amount of Enforceable Obligations.

In light of the insufficiency of the RPTTF to cover enforceable obligation payments approved by the DOF for ROPS 14-15A, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to the pay for the approved enforceable obligations.

### ***Available Sources of Revenue from Sale Proceeds of the Successor Agency for Enforceable Obligations***

The Dissolution Acts required the South Tahoe Redevelopment Successor Agency to dispose of assets of the former Redevelopment Agency in accordance with an approved Long Range Property Management Plan. On April 18, 2014, the Long Range Property Management Plan ("LRPMP") was approved by the Oversight Board and submitted to the Department of Finance (DOF) for consideration. On June 18, 2014, the DOF approved the LRPMP, which included the use of sale proceeds for the payment of Enforceable Obligations (Attachment 1)

On July 15, 2014 the Successor Agency approved the sale of the Southwest Corner parcels (APNs: 027-690-08-100 and 027-690-09-100) for Fair Market Value (FMV) to the City for \$800,000 and requested the Oversight Board direct those proceeds to the payment of Enforceable Obligations in accordance with the approved LRPMP.

On July 25, 2014, the Oversight Board adopted Resolution 2014-3 approving (i) the sale of the Southwest Corner parcels (APNs: 027-690-08-100 and 027-690-09-100) for Fair Market Value (FMV) to the City for \$800,000 and (ii) the Successor Agency's use of such sale proceeds for the payment of Enforceable Obligations. On August 5, 2014 the DOF issued its letter approving Oversight Board Resolution 2014-3 (Attachment 2).

### ***Available Sources of Revenue from State Controller's Office Decision***

On July 30, 2014, the Successor Agency received a letter from the State Controller's Office (SCO) and an accompanying draft report indicating that, pursuant to the SCO's review of the Former RDA's books and records pursuant to HSC Section 34167.5, the SCO has made a preliminary finding that the Former RDA made its annual loan payment of \$500,000 to the City for replay of the City/Formal RDA loan in a time period not authorized under the Dissolution Act – this City /Former RDA Loan is the same loan which has been recognized and re-established pursuant to Resolution No. 2014-5, adopted by the Oversight Board on July 25, 2014, and the related DOF approval letter dated September 8, 2014 (Attachment 3).

Even though the City disagreed with the SCO's characterization of the \$500,000 repayment by the Former Agency in September 2011 as an "unallowable transfer," and conveyed as such to the SCO the City decided to transfer the \$500,000 back to the Successor Agency in consideration of the circumstances.

**ISSUE AND DISCUSSION:**

The DOF recently informed the Successor Agency of new procedural requirements following the completion and approval of ROPs each period, when there is a change in the source of revenues for payment of Enforceable Obligations of the Former RDA.

In the case of the South Tahoe Redevelopment Successor Agency, the new procedures will require the presentation, approval and adoption of resolutions approving ROPS in each period by the Successor Agency, which is forwarded to the Oversight Board and subsequently to the Department of Finance; followed by a presentation, approval and adoption of a resolution reconciling sources of revenues in ROPS periods in which there is either (i) an insufficiency in available funds from the RPTTF (the knowledge of which occurs *after* the approval of the ROPS) and/or (ii) other funds become available for use to pay Enforceable Obligations (such as proceeds resulting from the sale of Former RDA assets).

This item is before the Oversight Board to the Successor Agency of the South Tahoe Redevelopment Agency Successor Agency to take the following three actions through the adoption of the attached Resolution:

- (1) Affirming the Successor Agency and Oversight Board's previous decision to utilize the \$800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, as described earlier in this report; and
- (2) Approve the Successor Agency's use of the \$500,000 transferred back by the City (as described previously) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and
- (3) Acknowledge and ratify the Successor Agency's use of \$558,233 of City of South Lake Tahoe Transient Occupancy Tax Revenues to cover the shortfall of Enforceable Obligations on ROPS 14-15A (Successor Agency Resolution 2014-9 adopted October 21, 2014, Attachment 4).

***Available Sources of Revenue from City's Transient Occupancy Tax (TOT)***

In spite of using the \$800,000 from the sale of Southwest Corner parcels and \$500,000 from the State Controller's decision as described earlier, there is still a remaining \$558,233 insufficient in available revenues of the Successor Agency.

Therefore, pursuant to the governing documents of the Tax Allocation Bonds (collectively, the "Bond Documents"), which are the subject of the insufficiency of the Enforceable Obligations for payment of debt service, those Bonds are also secured by Transient Occupancy Tax Revenues (defined below) as a source *to the extent needed*

for the payment of and security for the Bonds when other available sources are insufficient.

Due to the Great Recession, property values in the Project Area have declined. Although those values are recovering, there is currently an insufficiency in the amount of available revenues from the RPTTF and sale proceeds.

Therefore, the City must make available Pledged TOT Revenues from certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe in accordance with the Transient Occupancy Tax Administration Agreement, dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the "TOT Administration Agreement").

In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the payment on the Bonds for ROPS 14-15A Period, the City and the Successor Agency determined that Pledged TOT Revenues, in the amount of \$558,233, are to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 14-15A Period.

#### **FIINANCIAL AND/OR POLICY IMPLICATIONS:**

The adoption of the attached resolution will ensure that Enforceable Obligations of the Successor Agency are paid in full.

#### **SIGNATURES:**

By:



Nancy Kerry, Executive Director  
South Tahoe Redevelopment Successor Agency

#### **Attachments**

- A. Resolution for Adoption, with the following Attachments referenced in the Staff Report:
  1. DOF letter dated June 18, 2014 approving the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations
  2. Oversight Board Resolution 2014-3 adopted July 25, 2014 approving sale of southwest corner and proceeds from sale to be utilized to pay Enforceable Obligations attachment includes. DOF letter dated August 5, 2014, approving OB Resolution No. 2014-3.
  3. Oversight Board Resolution 2014-5 adopted July 25, 2014 attachment includes the related DOF approval letter dated September 8, 2014.
  4. Successor Agency Resolution No. 2014-9 requesting the Oversight Board take these actions described in this report and attached resolution.

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

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING THE USE OF ALTERNATE SOURCES OF FUNDS FOR ROPS 14-15A ENFORCEABLE OBLIGATIONS**

Recitals

A. Pursuant to Section 34177(l) of the Health and Safety Code (“HSC”), the Successor Agency to the South Tahoe Redevelopment Agency (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 estimated payment amounts for enforceable obligations and the source of funds for each such payment during such fiscal period.

B. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the “Oversight Board”) and the State of Department of Finance (the “DOF”) for approval.

C. The Successor Agency previously prepared a ROPS (“ROPS 14-15A”) covering payments for the period from July 1, 2014 to December 31, 2014 (“ROPS 14-15A Period”) and submitted ROPS 14-15A to the Oversight Board and the DOF for approval.

D. On February 25, 2014, the Oversight Board adopted Resolution No. 2014-1 approving the Successor Agency’s ROPS 14-15A.

E. The DOF issued its letter, dated April 3, 2014, informing the Successor Agency that the DOF has approved all of the items listed on the Successor Agency’s ROPS 14-15A.

F. For ROPS 14-15A Period, the DOF approved the disbursement of \$3,959,822 by the County Auditor-Controller from the Successor Agency’s Redevelopment Property Tax Trust Fund (the “RPTTF”) to the Successor Agency for payment of enforceable obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

G. In June 2014, the County Auditor-Controller disbursed \$2,201,589 to the Successor Agency from the RPTTF (the “ROPS 14-15A RPTTF Disbursement”).

H. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for ROPS 14-15A Period, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to the pay for the enforceable obligations approved by the DOF for ROPS 14-15A.

I. As described below, the Successor Agency desires to use proceeds from a property sale pursuant to the Long Range Property Management Plan (the “LRPMP”) and certain moneys transferred from the City of South Lake Tahoe (the “City”) in light of communication from the State Controller’s Office (the “SCO”), in addition to Pledged TOT Revenues (defined below) to supplement the ROPS 14-15A RPTTF Disbursement to make required payments on enforceable obligations during the ROPS 14-15A Period.

J. In April 2014, pursuant to HSC Section 34191.5, the Successor Agency submitted to the DOF an Oversight Board-approved LRPMP, which addresses the disposition of various properties of the former South Tahoe Redevelopment Agency (the “Former RDA”), including the sale of a property located at the Southwest Corner of Lake Tahoe Boulevard and Ski Run Boulevard (the “SW Corner Property”) and use of such property sale proceeds for enforceable obligations.

K. The DOF issued its letter dated June 18, 2014, indicating the DOF’s approval of the Successor Agency’s LRPMP, which includes the use of property sale proceeds to pay enforceable obligations (Attachment 1).

L. On July 25, 2014, the Oversight Board adopted Resolution No. 2014-3 (“OB Resolution No. 2014-3”), approving: (i) the sale of the SW Corner Property to the City at the appraised value of \$800,000, and (ii) the Successor Agency’s use of such sale proceeds for the payment of enforceable obligations (Attachment 2).

M. The DOF issued its letter dated August 5, 2014, stating the DOF’s approval of the OB Resolution No. 2014-3 (also Attachment 2).

N. Separately, on July 30, 2014, the Successor Agency received a letter from the SCO and an accompanying draft report indicating that, pursuant to the SCO’s review of the Former RDA’s books and records pursuant to HSC Section 34167.5, the SCO has made a preliminary finding that the Former RDA made an unallowable asset transfer to the City in the amount of \$500,000 on September 30, 2011, and that the City should reverse the transfer. Such \$500,000 was a repayment for a loan previously made by the City to the Former RDA – the same loan which has been recognized and re-established pursuant to Resolution No. 2014-5, adopted by the Oversight Board on July 25, 2014, and the related DOF approval letter dated September 8, 2014.

O. Even though the City disagreed with the SCO’s characterization of the \$500,000 repayment by the Former Agency in September 2011 as an “unallowable transfer,” the City decided to transfer \$500,000 back to the Successor Agency in consideration of the circumstances.

P. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for the ROPS 14-15A Period, the Successor Agency desires to use the \$800,000 of proceeds from the sale of the SW Corner Property and the \$500,000 transferred back by the City for application towards enforceable obligations approved by the DOF for ROPS 14-15A.

Q. The enforceable obligations listed on ROPS 14-15A include certain bonded indebtedness (the “Bonds”) incurred by the Former RDA.

R. Pursuant to the governing documents of the Bonds (collectively, the “Bond Documents”), payment of debt service on the Bonds is secured by a pledge of Tax Increment Revenues (defined below) and, to the extent that Tax Increment Revenues and other available revenues of the Successor Agency are insufficient for such debt service, Pledged TOT Revenues

(defined below) are pledged as a source *to the extent needed* for the payment of and security for the Bonds.

S. Tax Increment Revenues pledged to the Bonds include property tax revenues that were formerly known as “tax increment” and are now deposited by the County Auditor-Controller into the RPTTF.

T. Pledged TOT Revenues refer to certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe (the “City”) in accordance with the Transient Occupancy Tax Administration Agreement, dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the “TOT Administration Agreement”).

U. According to the TOT Administration Agreement, transient occupancy tax revenues levied pursuant to Ordinance No. 868, adopted by the Former RDA on October 17, 1995, and Section 7280.5 of the California Revenue and Taxation Code, are collected by the City, and applied to the Bonds as needed and only to the extent that Tax Increment Revenues and other available Successor Agency assets are insufficient for such debt service.

V. The City uses the remaining Transient Occupancy Tax revenues for payments in connection with other debt service for certain outstanding bonds (the “2006 Authority Bonds”) that were issued by the South Tahoe Joint Powers Financing Authority (the “Authority”). The 2006 Authority Bonds were issued to refund certain bonds issued in 1995 (the “1995 Authority Bonds”) issued by the Authority. The proceeds of the 1995 Authority Bonds were used to assist the Former RDA to finance redevelopment projects and to refund certain prior bonded debt of Former RDA; however, the 2006 Authority Bonds are not Enforceable Obligations of the Former Redevelopment Agency.

W. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the payment on the Bonds for ROPS 14-15A Period, the City and the Successor Agency determined that Pledged TOT Revenues, in the amount of \$558,233, are to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 14-15A Period.

X. The Oversight Board has received a copy of Resolution No. 2014-9 (Attachment 4) adopted by the Board of Directors of the Successor Agency on October 21, 2014, requesting the Oversight Board to: (i) affirm the Successor Agency’s use of funds the \$800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, (ii) approve the Successor Agency’s use of the \$500,000 transferred back by the City (as described in the recitals above) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and (iii) acknowledge and ratify the Successor Agency’s use of \$558,233 of Pledged TOT Revenues to pay debt service on the Bonds during ROPS 14-15A Period.

**/// continued next page ///**

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

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. The Oversight Board hereby: (i) affirms the Successor Agency's use of funds the \$800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, (ii) approves the Successor Agency's use of the \$500,000 transferred back by the City (as described in the recitals above) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and (iii) acknowledges and ratifies the Successor Agency's use of \$558,233 of Pledged TOT Revenues to pay debt service on the Bonds during ROPS 14-15A Period.

Section 3. The members of this Oversight Board and the officers of the Successor Agency are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

**PASSED AND ADOPTED** by the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on November 14, 2014, by the following vote:

AYES: Board Member(s) \_\_\_\_\_

NOES: Board Member(s) \_\_\_\_\_

ABSENT: Board Member(s) \_\_\_\_\_

ABSTAIN: Board Member(s) \_\_\_\_\_

\_\_\_\_\_  
Hal Cole, Chairperson

ATTEST:

\_\_\_\_\_  
Ellen Palazzo, Clerk of the Board

**Attachments to Resolution and Incorporated by Reference:**

1. DOF letter dated June 18, 2014 approving the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations
2. DOF letter dated August 5, 2014, approving Oversight Board Resolution No. 2014-3 adopted July 25, 2014 approving sale of Southwest Corner and utilizing proceeds from sale to pay Enforceable Obligations
3. DOF Letter dated September 8, 2014, approving Oversight Board Resolution 2014-5 adopted July 25, 2014 approving loan between City and RDA
4. Successor Agency Resolution No. 2014-9 requesting the Oversight Board take these actions described herein this Oversight Board Resolution

# Attachment 1

DOF Letter: June 18, 2014  
Approving Successor Agency's Long Range  
Property Management Plan, which includes  
the Use of Property Sale Proceeds to  
Pay Enforceable Obligations



June 18, 2014

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of South Lake Tahoe Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on April 21, 2014. The Agency subsequently submitted a revised LRPMP to Finance on June 2, 2014. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on February 6, 2014. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

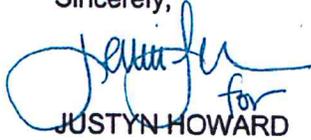
Agency actions taken pursuant to a Finance approved LRPMP which requires the Agency to enter into a new agreement are subject to oversight board (OB) approval per HSC section 34181 (f). Any OB action approving a new agreement in connection with the LRPMP should be submitted to Finance for approval.

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 do not in any way eliminate the Controller's authority. Should the Controller claw back real property assets not contemplated in the existing approved LRPMP, the LRPMP must be revised to include these additional assets. The revised LRPMP must be approved by the OB and Finance before the disposition of these clawed back assets can occur.

Ms. McIntyre  
June 18, 2014  
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Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justyn Howard", with a small "for" written below it.

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Nancy Kerry, City Manager, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California  
State Controller's Office  
California State Controller's Office

# Attachment 2

Oversight Board Resolution 2014-3  
Approving Sale of Southwest Corner and  
Proceeds from Sale to be Utilized for  
Enforceable Obligations

And

DOF Letter of Approval dated  
August 5, 2014



August 5, 2014

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: Approval of Oversight Board Actions

The City of South Lake Tahoe Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 25, 2014 Oversight Board (OB) resolutions on July 29, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

OB Resolution No. 2014-3

OB Resolution No. 2014-3, accepting the offer from the City of South Lake Tahoe (City) to purchase the Southwest Corner parcels (Assessor Parcel Nos. 027-690-08-100 and 027-690-09-100), for the appraised fair market value of \$800,000, is approved. Proceeds from the sale of the properties will be used by the Agency to pay enforceable obligations. 

OB Resolution No. 2014-6

OB Resolution No. 2014-6, approving the transfer of the public use area within the Heavenly Village (Assessor Parcel No. 029-470-16-10) to the City as governmental use, is approved.

These properties are listed on the Agency's Long-Range Property Management Plan (LRPMP) approved by Finance on June 18, 2014, and the dispositions of these properties authorized through OB Resolution Nos. 2014-3 and 2014-6 are consistent with the approved LRPMP.

Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



DAVID BOTELHO  
Program Budget Manager

cc: On the following page

Ms. Debbie McIntyre

August 5, 2014

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cc: Ms. Nancy Kerry, City Manager, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California  
State Controller's Office  
California State Controller's Office

RESOLUTION NO. 2014-3

**RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF 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 OF \$800,000 AND DIRECTING PROCEEDS OF THE SALE BE UTILIZED TO PAY ENFORCEABLE OBLIGATIONS IN ACCORDANCE WITH THE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN**

Recitals

A. The South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. Pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established.

C. Pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency.

D. Pursuant to ABX1 26, the South Tahoe Redevelopment Successor Agency must dispose of assets of the former Redevelopment Agency in accordance with an approved Long Range Property Management Plan.

E. Health and Safety code §34179.7 requires approved Long Range Property Management Plans ("LRPMP") address the disposition and use of real properties and interests in real properties of the Former RDA.

F. On November 7, 2012, the South Tahoe Redevelopment Successor Agency entered into a purchase and sale contract with Halferty Development Company, LLC for the sale of the Southwest Corner parcels, which contract contained as a condition precedent, the approval of the Oversight Board to the sale.

G. On February 25, 2014, the Oversight Board denied approval of the Halferty sale, instructed the South Tahoe Redevelopment Successor Agency to terminate the escrow and have an appraisal performed on the Southwest Corner parcels for fair market value prior to relisting the parcels for sale.

H. On April 18, 2014, the LRPMP was approved by the Oversight Board and submitted to the Department of Finance (DOF) for consideration; the LRPMP identified five real properties and development rights be sold and the *"proceeds be retained by STRSA given on-going insufficiencies in RPTTF funds required to meet enforceable obligations including bond debt service."*

I. On June 18, 2014, the DOF approved the LRPMP.

J. Johnson-Perkins Real Estate Appraisal and Consulting Firm completed an Appraisal of the Southwest Corner parcels and determined \$800,000 is the Fair Market Value of the properties.

K. On July 15, 2014, the City Council of the City of South Lake Tahoe offered to purchase the properties for the full Fair Market Value as appraised (\$800,000).

L. The South Tahoe Redevelopment Successor Agency receives disbursement from the Redevelopment Property Tax Trust Fund ("RPTTF") for enforceable obligation payments however, in each period, there is insufficient tax increment to cover debt service for all enforceable obligations.

M. Disposing of the Former RDA assets through sale for Fair Market Value will provide additional revenues for debt service of the enforceable obligations.

N. HSC Section 34177(a)(4) provides that the Successor Agency may, with the prior approval of the Oversight Board, make payments on enforceable obligations from sources of funds other than those available in the RPTTF.

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

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. This Board of Directors of the Oversight Board of the South Tahoe Redevelopment Successor Agency hereby accepts the offer to purchase the Southwest Corner Parcels (Item #A in the Approved Long Range Property Management Plan) for the appraised Fair Market Value.

Section 3. In accordance with the approved Long Range Property Management Plan and HSC Section 34177(a)(4), and following approval from the Department of Finance, all proceeds from the sale are to be used for payment of enforceable obligations on the next Recognized Obligation Payment Schedule (ROPS).

Section 4. This Board of Directors of the Oversight Board of the Successor Agency of the South Tahoe Redevelopment Agency hereby authorizes that, with approval from the Department of Finance, any and all future proceeds from the sale of assets including real property will be retained by the Successor Agency and used in accordance with Health and Safety Code 34177(e) to wind down the affairs of the Agency including retirement of debts and obligations until such time as this Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency makes a separate determination by resolution that such proceeds are no longer needed.

Section 5. The members of this Board of Directors of the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency and its officers are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

**PASSED AND ADOPTED** by the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 25, 2014 by the following vote:

AYES: Members COLE, BAUGH, KERRY, MURILLO & VOGELGESANG

NOES: Members \_\_\_\_\_

ABSTAIN: Members MTKULACO

ABSENT: Members MEYERS

ATTEST:

  
Ellen Palazzo, Secretary

  
Hal Cole, Chair

# Attachment 3

Oversight Board Resolution 2014-5  
Approving City and RDA Loan  
and  
DOF Letter of Approval dated  
September 8, 2014



September 8, 2014

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: Approval of Oversight Board Action

The City of South Lake Tahoe Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 25, 2014 Oversight Board (OB) resolution on July 29, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution No. 2014-5, making a finding to re-establish a 2004 Loan Agreement between the Agency and the City of South Lake Tahoe as an enforceable obligation, is approved.

The Agency received a Finding of Completion on February 6, 2014. Finance notes that the OB made the finding that the loan was for legitimate redevelopment purposes. The actual loan repayments should be placed on subsequent Recognized Payment Obligation Schedule for Finance's review and the actual amount that will be authorized for repayment will be subject to the repayment formula outlined in HSC section 34191.4 (b).

Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

  
JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Nancy Kerry, City Manager, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado County  
California State Controller's Office

**RESOLUTION NO. 2014-5**

**RESOLUTION OF THE OVERSIGHT BOARD TO THE  
SUCCESSOR AGENCY OF THE SOUTH TAHOE  
REDEVELOPMENT 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**

WHEREAS, the South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State"); and

WHEREAS, the Former RDA and the City of South Lake Tahoe (the "City") entered into Loan and Repayment Agreement on March 16, 2004 ("the 2004 Loan Agreement"), pursuant to which the City made a loan to the Former RDA for costs and expenses related to the implementation of the Former RDA's redevelopment program (the "2004 City Loan"); and

WHEREAS, as of the date of this Resolution, a portion of the 2004 City Loan remain outstanding and unpaid; and

WHEREAS, pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established; and

WHEREAS, pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency, and

WHEREAS, pursuant to HSC Sections 34171(d) and 34178, the 2004 Loan Agreement became invalid and non-binding on the Successor Agency as of February 1, 2012; provided, however, that pursuant to HSC Section 34191.4(b), the 2004 City Loan shall be re-established and the 2004 Loan Agreement shall be deemed to be an enforceable obligation after the Successor Agency receives a finding of completion (a "Finding of Completion") from the State Department of Finance (the "DOF") under HSC 34179.7, if the Oversight Board makes a finding that the 2004 City Loan was for legitimate redevelopment purposes, and

WHEREAS, the DOF issued a Finding of Completion to the Successor Agency on February 6, 2014; and

WHEREAS, the Board desires to adopt this Resolution and requests the Oversight Board to make a finding that the 2004 City Loan was made for legitimate purposes in order to re-establish the 2004 Loan Agreement as an enforceable obligation for the purposes of HSC Section 34191.4(b); and

WHEREAS, the funds advanced by the City of South Lake Tahoe to the Former Redevelopment Agency between 1999 and 2003 were used to pay for public improvements in Redevelopment Project Area No. 1 ("Project Area"), which included but are not limited to, the realignment of Park Avenue, the construction of a right turn land between Pioneer Trail and Park Avenue, the reconstruction of Van Sickle Avenue, construction of Drainage Basins, improvements to Fern Avenue, the Intermodal Transit Center, the Stream Environment Zone ("SEZ") Restoration area, Transit Way and other streetscape improvements in the Project Area; and

WHEREAS, the project activities and costs as described above improved or eliminated conditions of physical blight in the Project Area, which are legitimate redevelopment purposes; and

WHEREAS, on this date, the Oversight Board will also consider the adoption of a separate resolution regarding the Successor Agency's repayment with respect to a loan incurred by the Former RDA in connection with a statutorily required remittance to the El Dorado County Supplemental Educational Revenue Augmentation Fund for fiscal year 2010-11 (the "SERAF Loan"); and

WHEREAS, it is recognized that, pursuant to HSC Section 34191.4(b), the aggregate repayment amount authorized each fiscal year for the SERAF Loan and the 2004 City Loan to be repaid by the Successor Agency shall not exceed one-half of the increase between the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in that fiscal year and the amount distributed to taxing entities pursuant to HSC Section 34183(a)(4) in the 2012-13 base year; and

WHEREAS, it is recognized that, pursuant to HSC Sections 34176(e)(6)(B) 34191.4(b), the repayment of the SERAF Loan will have priority over the repayment of the 2004 City Loan and the SERAF Loan will be repaid in full before any repayment of the re-established 2004 City Loan; and

WHEREAS, it is further recognized that HSC Section 34191.4(b)(2) provides that 20 percent of each repayment on the 2004 City Loan will be deducted and transferred to the Low and Moderate Income Housing Asset Fund established and held by the housing successor to the Former RDA pursuant to HSC Section 34176;

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SOUTH TAHOE REDEVELOPMENT SUCCESSOR 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. For the purposes of HSC Section 34191.4, the Oversight Board hereby finds that the 2004 City Loan was for legitimate redevelopment purposes, and the 2004 Loan Agreement is an enforceable obligation; provided, that the repayment terms thereunder shall be modified in accordance with the requirements of HSC Section 34191.4(b).

Section 3. The Administrative Services Director of the City, who is the Finance Officer of the Successor Agency, is hereby authorized to develop a repayment schedule for the 2004 City Loan in accordance with the requirements of Section 34191.4(b). Recognizing that the actual dollar amount to be repaid by the Successor Agency for each scheduled repayment is subject to the availability of funds from the Redevelopment Property Tax Trust Fund and the limitations set forth in HSC Section 34191.4(b), the Finance Officer is hereby authorized to modify the repayment schedule from time to time based on the requirements of HSC Section 34191.4(b) and the actual circumstances at the time of the modification.

Section 4. The members of the Oversight Board and the officers of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all instruments which they may deem necessary or advisable in order to effectuate the purposes of this Resolution.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 25, 2014 by the following vote:

AYES: Members COLE, BAUGH, KERRY, MURTILLO & VOGELGESANG

NOES: Members \_\_\_\_\_

ABSTAIN: Members MIKULACO

ABSENT: Members MEYERS

ATTEST:

  
Ellen Palazzo, Secretary

  
Hal Cole, Chair

# Attachment 4

## SUCCESSOR AGENCY RESOLUTION 2014-9 WITH EXHIBITS

(Exhibits attached to this Resolution are  
nearly identical to the  
Oversight Board Resolution)

RESOLUTION NO. 2014-9

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING THE USE OF ALTERNATE SOURCES OF FUNDS FOR ROPS 14-15A ENFORCEABLE OBLIGATIONS AND AUTHORIZING AND DIRECTING CERTAIN RELATED ACTIONS**

Recitals

A. Pursuant to Section 34177(l) of the Health and Safety Code (“HSC”), the Successor Agency to the South Tahoe Redevelopment Agency (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 estimated payment amounts for enforceable obligations and the source of funds for each such payment during such fiscal period.

B. Each ROPS must be submitted to the Oversight Board of the Successor Agency (the “Oversight Board”) and the State of Department of Finance (the “DOF”) for approval.

C. The Successor Agency previously prepared a ROPS (“ROPS 14-15A”) covering payments for the period from July 1, 2014 to December 31, 2014 (“ROPS 14-15A Period”) and submitted ROPS 14-15A to the Oversight Board and the DOF for approval.

D. On February 25, 2014, the Oversight Board adopted Resolution No. 2014-1 approving the Successor Agency’s ROPS 14-15A.

E. The DOF issued its letter, dated April 3, 2014, informing the Successor Agency that the DOF has approved all of the items listed on the Successor Agency’s ROPS 14-15A.

F. For ROPS 14-15A Period, the DOF approved the disbursement of \$3,959,822 by the County Auditor-Controller from the Successor Agency’s Redevelopment Property Tax Trust Fund (the “RPTTF”) to the Successor Agency for payment of enforceable obligations (including outstanding bonded indebtedness of the former South Tahoe Redevelopment Agency) and administrative costs allowance.

G. In June 2014, the County Auditor-Controller disbursed \$2,201,589 to the Successor Agency from the RPTTF (the “ROPS 14-15A RPTTF Disbursement”).

H. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for ROPS 14-15A Period, the Successor Agency needs to use funds from sources other than the RPTTF, to the extent available, to the pay for the enforceable obligations approved by the DOF for ROPS 14-15A.

I. As described below, the Successor Agency desires to use proceeds from a property sale pursuant to the Long Range Property Management Plan (the “LRPMP”) and certain moneys transferred from the City of South Lake Tahoe (the “City”) in light of communication from the State Controller’s Office (the “SCO”), in addition to Pledged TOT Revenues (defined below) to supplement the ROPS 14-15A RPTTF Disbursement to make required payments on enforceable obligations during the ROPS 14-15A Period.

J. In April 2014, pursuant to HSC Section 34191.5, the Successor Agency submitted to the DOF an Oversight Board-approved LRPMP, which addresses the disposition of various properties of the former South Tahoe Redevelopment Agency (the "Former RDA"), including the sale of a property located at the Southwest Corner of Lake Tahoe Boulevard and Ski Run Boulevard (the "SW Corner Property") and the use of such property sale proceeds for enforceable obligations.

K. The DOF issued its letter dated June 18, 2014, indicating the DOF's approval of the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations (Attachment 1).

L. On July 25, 2014, the Oversight Board adopted Resolution No. 2014-3 ("OB Resolution No. 2014-3"), approving: (i) the sale of the SW Corner Property to the City at the appraised value of \$800,000, and (ii) the Successor Agency's use of such sale proceeds for the payment of enforceable obligations (Attachment 2).

M. The DOF issued its letter dated August 5, 2014, stating the DOF's approval of the OB Resolution No. 2014-3 (Attachment 3).

N. Separately, on July 30, 2014, the Successor Agency received a letter from the SCO and an accompanying draft report indicating that, pursuant to the SCO's review of the Former RDA's books and records pursuant to HSC Section 34167.5, the SCO has made a preliminary finding that the Former RDA made an unallowable asset transfer to the City in the amount of \$500,000 on September 30, 2011, and that the City should reverse the transfer. Such \$500,000 was a repayment for a loan previously made by the City to the Former RDA – the same loan which has been recognized and re-established pursuant to Resolution No. 2014-5, adopted by the Oversight Board on July 25, 2014, and the related DOF approval letter dated September 8, 2014.

O. Even though the City disagreed with the SCO's characterization of the \$500,000 repayment by the Former Agency in September 2011 as an "unallowable transfer," the City decided to transfer \$500,000 back to the Successor Agency in consideration of the circumstances.

P. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the enforceable obligation payments approved by the DOF for the ROPS 14-15A Period, the Successor Agency desires to use the \$800,000 of proceeds from the sale of the SW Corner Property and the \$500,000 transferred back by the City for application towards enforceable obligations approved by the DOF for ROPS 14-15A.

Q. The enforceable obligations listed on ROPS 14-15A include certain bonded indebtedness (the "Bonds") incurred by the Former RDA.

R. Pursuant to the governing documents of the Bonds (collectively, the "Bond Documents"), payment of debt service on the Bonds is secured by a pledge of Tax Increment Revenues (defined below) and, to the extent that Tax Increment Revenues and other available revenues of the Successor Agency are insufficient for such debt service, Pledged TOT Revenues

(defined below) are pledged as a source *to the extent needed* for the payment of and security for the Bonds.

S. Tax Increment Revenues pledged to the Bonds include property tax revenues that were formerly known as "tax increment" and are now deposited by the County Auditor-Controller into the RPTTF.

T. Pledged TOT Revenues refer to certain transient occupancy tax revenues collected and administered by the City of South Lake Tahoe (the "City") in accordance with the Transient Occupancy Tax Administration Agreement, dated as of November 1, 1995, by and between the City and the Former Agency, as amended (the "TOT Administration Agreement").

U. According to the TOT Administration Agreement, transient occupancy tax revenues levied pursuant to Ordinance No. 868, adopted by the Former RDA on October 17, 1995, and Section 7280.5 of the California Revenue and Taxation Code, are collected by the City, and applied to the Bonds as needed and only to the extent that Tax Increment Revenues and other available Successor Agency assets are insufficient for such debt service.

V. The City uses the remaining Transient Occupancy Tax revenues for payments in connection with other debt service for certain outstanding bonds (the "2006 Authority Bonds") that were issued by the South Tahoe Joint Powers Financing Authority (the "Authority"). The 2006 Authority Bonds were issued to refund certain bonds issued in 1995 (the "1995 Authority Bonds") issued by the Authority. The proceeds of the 1995 Authority Bonds were used to assist the Former RDA to finance redevelopment projects and to refund certain prior bonded debt of Former RDA; however, the 2006 Authority Bonds are not Enforceable Obligations of the Former Redevelopment Agency.

W. In light of the insufficiency of the ROPS 14-15A RPTTF Disbursement to cover the payment on the Bonds for ROPS 14-15A Period, the City and the Successor Agency determined that Pledged TOT Revenues, in the amount of \$558,233, are to be used for debt service payment on the Bonds pursuant to the TOT Administration Agreement and the Bond Documents during the ROPS 14-15A Period.

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

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. This Board hereby requests the Oversight Board to: (i) affirm the Successor Agency's use of funds the \$800,000 of proceeds from the sale of the SW Corner Property to pay enforceable obligations approved by the DOF for ROPS 14-15A, (ii) approve the Successor Agency's use of the \$500,000 transferred back by the City (as described in the recitals above) to pay enforceable obligations approved by the DOF for ROPS 14-15A, and (iii) acknowledge and ratify the Successor Agency's use of \$558,233 of Pledged TOT Revenues to pay debt service on the Bonds during ROPS 14-15A Period.

Section 3. The Secretary of the Successor Agency is hereby authorized and directed to transmit a copy of this Resolution to the Oversight Board.

Section 4. The officers of the Successor Agency are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution, and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 5. This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on October 21, 2014, by the following vote:

AYES: Board Member(s) COLE, LAINE, DAVIS & SWANSON

NOES: Board Member(s) \_\_\_\_\_

ABSENT: Board Member(s) CONNER

ABSTAIN: Board Member(s) \_\_\_\_\_

  
\_\_\_\_\_  
Hal Cole, Chairperson

ATTEST:

  
\_\_\_\_\_  
Susan Alessi, Secretary

**Exhibits:**

- A. DOF letter dated June 18, 2014 approving the Successor Agency's LRPMP, which includes the use of property sale proceeds to pay enforceable obligations
- B. Oversight Board Resolution 2014-3 July 25, 2014 Approving Sale of Southwest Corner and Proceeds from Sale to be Utilized to Pay Enforceable Obligations
- C. DOF letter dated August 5, 2014, approving OB Resolution No. 2014-3.

# Exhibit A

DOF Letter: June 18, 2014

Approving Successor Agency's Long Range  
Property Management Plan, which includes  
the Use of Property Sale Proceeds to  
Pay Enforceable Obligations



June 18, 2014

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: Long-Range Property Management Plan

Pursuant to Health and Safety Code (HSC) section 34191.5 (b), the City of South Lake Tahoe Successor Agency (Agency) submitted a Long-Range Property Management Plan (LRPMP) to the California Department of Finance (Finance) on April 21, 2014. The Agency subsequently submitted a revised LRPMP to Finance on June 2, 2014. Finance has completed its review of the LRPMP, which may have included obtaining clarification for various items.

The Agency received a Finding of Completion on February 6, 2014. Further, based on our review and application of the law, we are approving the Agency's use or disposition of all the properties listed on the LRPMP.

In accordance with HSC section 34191.4, upon receiving a Finding of Completion from Finance and approval of a LRPMP, all real property and interests in real property shall be transferred to the Community Redevelopment Property Trust Fund of the Agency, unless that property is subject to the requirements of an existing enforceable obligation. Pursuant to HSC section 34191.3 the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former redevelopment agency.

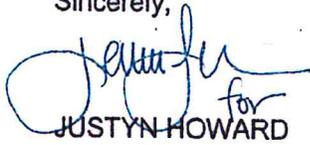
Agency actions taken pursuant to a Finance approved LRPMP which requires the Agency to enter into a new agreement are subject to oversight board (OB) approval per HSC section 34181 (f). Any OB action approving a new agreement in connection with the LRPMP should be submitted to Finance for approval.

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 do not in any way eliminate the Controller's authority. Should the Controller claw back real property assets not contemplated in the existing approved LRPMP, the LRPMP must be revised to include these additional assets. The revised LRPMP must be approved by the OB and Finance before the disposition of these clawed back assets can occur.

Ms. McIntyre  
June 18, 2014  
Page 2

Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Justyn Howard', with a large loop at the start and a flourish at the end. The word 'for' is written in smaller letters below the signature.

JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Nancy Kerry, City Manager, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California  
State Controller's Office  
California State Controller's Office

# Exhibit B

Oversight Board Resolution 2014-3

July 25, 2014

Approving Sale of Southwest Corner and  
Proceeds from Sale to be Utilized for  
Enforceable Obligations

RESOLUTION NO. 2014-3

**RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF 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 OF \$800,000 AND DIRECTING PROCEEDS OF THE SALE BE UTILIZED TO PAY ENFORCEABLE OBLIGATIONS IN ACCORDANCE WITH THE APPROVED LONG RANGE PROPERTY MANAGEMENT PLAN**

Recitals

A. The South Tahoe Redevelopment Agency (the "Former RDA") was a duly constituted redevelopment agency pursuant to provisions of the Community Redevelopment Law (the "Redevelopment Law") set forth in Section 33000 et seq. of the Health and Safety Code ("HSC") of the State of California (the "State").

B. Pursuant to AB X1 26 (which became effective at the end of June 2011), and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al.* (53 Cal.4th 231(2011)), the Former RDA was dissolved as of February 1, 2012, the Successor Agency was constituted as the successor entity to the Former RDA, and an oversight board of the Successor Agency (the "Oversight Board") was established.

C. Pursuant to AB X1 26, except for those provisions of the Redevelopment Law that are repealed, restricted or revised pursuant to AB X1 26, all authority, rights, powers, duties and obligations previously vested with the Former RDA under the Redevelopment Law are vested in the Successor Agency.

D. Pursuant to ABX1 26, the South Tahoe Redevelopment Successor Agency must dispose of assets of the former Redevelopment Agency in accordance with an approved Long Range Property Management Plan.

E. Health and Safety code §34179.7 requires approved Long Range Property Management Plans ("LRPMP") address the disposition and use of real properties and interests in real properties of the Former RDA.

F. On November 7, 2012, the South Tahoe Redevelopment Successor Agency entered into a purchase and sale contract with Halferty Development Company, LLC for the sale of the Southwest Corner parcels, which contract contained as a condition precedent, the approval of the Oversight Board to the sale.

G. On February 25, 2014, the Oversight Board denied approval of the Halferty sale, instructed the South Tahoe Redevelopment Successor Agency to terminate the escrow and have an appraisal performed on the Southwest Corner parcels for fair market value prior to relisting the parcels for sale.

H. On April 18, 2014, the LRPMP was approved by the Oversight Board and submitted to the Department of Finance (DOF) for consideration; the LRPMP identified five real properties and development rights be sold and the *“proceeds be retained by STRSA given on-going insufficiencies in RPTTF funds required to meet enforceable obligations including bond debt service.”*

I. On June 18, 2014, the DOF approved the LRPMP.

J. Johnson-Perkins Real Estate Appraisal and Consulting Firm completed an Appraisal of the Southwest Corner parcels and determined \$800,000 is the Fair Market Value of the properties.

K. On July 15, 2014, the City Council of the City of South Lake Tahoe offered to purchase the properties for the full Fair Market Value as appraised (\$800,000).

L. The South Tahoe Redevelopment Successor Agency receives disbursement from the Redevelopment Property Tax Trust Fund (“RPTTF”) for enforceable obligation payments however, in each period, there is insufficient tax increment to cover debt service for all enforceable obligations.

M. Disposing of the Former RDA assets through sale for Fair Market Value will provide additional revenues for debt service of the enforceable obligations.

N. HSC Section 34177(a)(4) provides that the Successor Agency may, with the prior approval of the Oversight Board, make payments on enforceable obligations from sources of funds other than those available in the RPTTF.

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

Section 1. The foregoing recitals, and each of them, are true and correct.

Section 2. This Board of Directors of the Oversight Board of the South Tahoe Redevelopment Successor Agency hereby accepts the offer to purchase the Southwest Corner Parcels (Item #A in the Approved Long Range Property Management Plan) for the appraised Fair Market Value.

Section 3. In accordance with the approved Long Range Property Management Plan and HSC Section 34177(a)(4), and following approval from the Department of Finance, all proceeds from the sale are to be used for payment of enforceable obligations on the next Recognized Obligation Payment Schedule (ROPS).

Section 4. This Board of Directors of the Oversight Board of the Successor Agency of the South Tahoe Redevelopment Agency hereby authorizes that, with approval from the Department of Finance, any and all future proceeds from the sale of assets including real property will be retained by the Successor Agency and used in accordance with Health and Safety Code 34177(e) to wind down the affairs of the Agency including retirement of debts and obligations until such time as this Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency makes a separate determination by resolution that such proceeds are no longer needed.

Section 5. The members of this Board of Directors of the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency and its officers are hereby authorized, jointly and severally, to do such things, including the execution and delivery of written instruments, which they may deem necessary or proper to effectuate the purposes of this Resolution.

**PASSED AND ADOPTED** by the Oversight Board of Directors of the Successor Agency of the South Tahoe Redevelopment Agency of the South Tahoe Redevelopment Agency at a duly noticed meeting held on July 25, 2014 by the following vote:

AYES: Members COLE, BAUGH, KERRY, MURILLO & VOGELGESANG

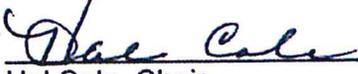
NOES: Members \_\_\_\_\_

ABSTAIN: Members MIKULACO

ABSENT: Members MEYERS

ATTEST:

  
\_\_\_\_\_  
Ellen Palazzo, Secretary

  
\_\_\_\_\_  
Hal Cole, Chair

# Exhibit C

DOF Letter: August 5, 2014 Approving  
Oversight Board Resolution 2014-3



**DEPARTMENT OF  
FINANCE**

EDMUND G. BROWN JR. - GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

August 5, 2014

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: Approval of Oversight Board Actions

The City of South Lake Tahoe Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 25, 2014 Oversight Board (OB) resolutions on July 29, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance has made the following determinations:

OB Resolution No. 2014-3

OB Resolution No. 2014-3, accepting the offer from the City of South Lake Tahoe (City) to purchase the Southwest Corner parcels (Assessor Parcel Nos. 027-690-08-100 and 027-690-09-100), for the appraised fair market value of \$800,000, is approved. Proceeds from the sale of the properties will be used by the Agency to pay enforceable obligations. 

OB Resolution No. 2014-6

OB Resolution No. 2014-6, approving the transfer of the public use area within the Heavenly Village (Assessor Parcel No. 029-470-16-10) to the City as governmental use, is approved.

These properties are listed on the Agency's Long-Range Property Management Plan (LRPMP) approved by Finance on June 18, 2014, and the dispositions of these properties authorized through OB Resolution Nos. 2014-3 and 2014-6 are consistent with the approved LRPMP.

Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina-Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



DAVID BOTELHO  
Program Budget Manager

cc: On the following page

Ms. Debbie McIntyre  
August 5, 2014  
Page 2

cc: Ms. Nancy Kerry, City Manager, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado County  
Ms. Elizabeth Gonzalez, Bureau Chief, Local Government Audit Bureau, California  
State Controller's Office  
California State Controller's Office