

**City of Solana Beach**  
**Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency**  
**SPECIAL MEETING**

**MINUTES**

*Minutes contain a summary of discussions and resulting actions*

**Thursday, August 23, 2012, 4:30 P. M.**

City of Solana Beach, City Hall, 635 S. Highway 101, Solana Beach, California

**CALL TO ORDER AND ROLL CALL:**

Present: Thomas Golich (City of Solana Beach), Doug Sheres (San Diego County of Supervisors Representative), David Ott (Solana Beach City Manager), Timothy P. Coughlin (San Diego County Board of Supervisors), James Austin (Ca. Community colleges, MiraCosta), Jeanne Deaver (Santa Fe Irrigation District).

Absent: Carlos Estrella (San Diego County Board of Education/Solana Beach School District).

Also Present: Kendall D. Berkey (Counsel), Johanna Canlas (City Attorney), Angela Ivey (City Clerk), Marie Berkuti (Finance Manager).

Chairman Golich called the meeting to order at 4:32 p.m.

**APPROVAL OF AGENDA:**

Motion by Boardmember Coughlin and Seconded by Boardmember Austin to approve the agenda. **Motion carried 6/0/1 (Absent: Carlos Estrella).**

**CHAIR AND BOARDMEMBERS' COMMENTS:**

Chairman Golich requested to receive the agenda packet earlier for future meetings, whenever possible.

**PUBLIC COMMENT** (limited to 3 minutes per speaker) None.

**BOARD BUSINESS**

**1. Waive reading of text of resolutions.**

Motion by Boardmember Austin and Seconded by Boardmember Sheres. **Motion carried 6/0/1 (Absent: Carlos Estrella).**

**2. Minutes of the Oversight Board.**

Recommendation: That the City Council

- a. Approve the Minutes of the Oversight Board held April 12, 2012.

Kendall Berkey, Counsel, stated that the timelines reported on Item 2 of the April 12, 2012, minutes had since changed, that the Oversight Board actions were subject to review by the State Department of Finance had changed from 3 days to 5 days, and the 10 days to review the matter in which the Dept. of Finance could approve or

send back items for reconsideration had now changed to 40 days, with the exception of the ROPS which was subject to a 45 day review. Boardmembers continued to discuss that the two motions listed under Item 7 and whether there should only be one motion. Staff stated that the minutes for this item could be corrected as a typo, that one of the motions should be removed, and that the Clerk would review the meeting audio and make the correction to the April 12, 2012 minutes.

Motion by Boardmember Sheres and Seconded by Boardmember Coughlin. **Motion carried 5/1/1 (Absent: Carlos Estrella) (Abstain: Austin).**

**3. Approval of Second Loan Agreement between the City and the Successor Agency to assist in payment of the Successor Agency's enforceable obligations through December 31, 2012**

Recommended Action:

- a. Adopt **Resolution OBSA-008** approving the Second Loan Agreement between the City and the Successor Agency to the Solana Beach Redevelopment Agency.

Marie Berkuti, Finance Manager, stated that the 2<sup>nd</sup> loan agreement was approved by the City Council in May or June, that the county only provided \$80,000 for the 1<sup>st</sup> ROPS, there was a loan to pay for the first and second ROPS, and that additional funds were needed to pay the 2<sup>nd</sup> ROPS, a loan was needed so that funds would not be used from the General Fund, that the initial loan agreement was for up to \$374,000, and that the repayment of loan borrowed for this 6 month period was expected to be \$115,000.

Boardmembers and Staff discussed that clarification was needed on the agenda report regarding the payment that the county made for the Redevelopment Trust Fund for ROPS 2, that the payment for ROPS 2 was \$88,000, that payments that were previously issued in December and would now be issued in January., that payments coming from the county would be June 1<sup>st</sup> of every year and Jan 2<sup>nd</sup> of every year, that Redevelopment Agencies had typically received property tax in December, and that now the county collected payments, placed them into an account, and then distributed payments to Successor Agencies.

Boardmembers and Staff discussion continued regarding that funds were paid out ahead of when they were due, that it created a cash flow problem with several Successor Agencies, the loan that was being requested from the Successor Agency was not to exceed \$374,669.22, the loan would be paid with property taxes funds plus interest, the interest on the loan was less than 1%, interest was being paid by the Successor Agency, and that the loan would be paid when there was extra money in the trust fund.

Discussion continued regarding that sponsoring agency loans were paid when funds were left over, that legislation allowed the Oversight Board to approve these loans, the loans were not valid unless they were approved, the loans had to be placed on the ROPS, that there should be an addition to the resolution to allow for the pledging

of property taxes to be used to repayment of loans, that the City had to loan money to the Successor Agency to pay off the loans until such time it was caught up, and that the Boardmembers wanted to be certain that there were not any violations of agreements occurring.

Motion by Boardmember Deaver and Seconded by Boardmember Sheres. **Motion carried 6/0/1 (Absent: Carlos Estrella).**

**4. Approving the Successor Agency Administrative Budget and Recognized Obligation Payment Schedule for the Period Ending June 30, 2013 and Making Related Findings and Declarations and Taking Related Actions in Connection Therewith.**

Recommended Action:

- a. Adopt **Resolution OBSA-009** approving the Successor Agency Administrative Budget for the period January 1, 2013 to June 30, 2013 and making related findings and declarations and taking related actions in connection therewith.

Motion by Boardmember Coughlin and Seconded by Boardmember Sheres to approve the item. **Motion carried 6/0/1 (Absent: Carlos Estrella).**

- b. Adopt **Resolution OBSA-10** approving Recognized Obligation Payment Schedule for the period January 1, 2013 to June 30, 2013 and making related findings and declarations and taking related actions in connection therewith.

Motion by Boardmember Coughlin and Seconded by Boardmember Ott to approve the item. **Motion carried 6/0/1 (Absent: Carlos Estrella).**

Marie Berkuti, Finance Manager, passed out a new revised first page of the budget. She stated that the admin budget attached to the Staff Report was from January 1<sup>st</sup> – June 30<sup>th</sup>, that it was the same budget from the second half of the year, and that it would be transferred to the ROPS. She stated there was a new form that was distributed by the Department of Finance (DOF) last week, that the ROPS that went to Council was on the old form, and that the first page of the document was the ROPS Successor Agency contact information. She reviewed the budget forms, stated that the document followed the same information that was on ROPS 1 and 2, that the first four items were related to the tax increment bond that the former Redevelopment Agency implemented in 2006. She reviewed debts, stated that with the new forms no longer required for payments to be shown by months, that they were a total and listed where the payments came from, reviewed the administrative budget, stated that the Due Diligence review was on hold, and that the Certified Public Association (CPA) was working with the DOF on what the audit entailed, that the CPA had concerns about liability on their part if they did something that would not agree with the DOF. She reviewed budget categories which included staffing and materials, how a loan from the City to the Successor Agency was and carried over to the next ROPS since there were not enough funds received from the county to pay it, the full \$374,000 was not borrowed because only \$115,000 was needed for the loan on the 2<sup>nd</sup> ROPS, there was \$125,000 for administrative allowance, and that there was a total of \$795,066 RPTTF requested funds, She stated that there

was a note on the forms for clarification to DOF for the reason of borrowing money, that the notes section was added because the DOF form did not allow much space to include explanations, that the DOF had asked for reports far in advance and they were difficult to modify without going back to the Oversight Board and other processes involved, the report was done in February and it was unknown of what was happening with pass-throughs so this was why Fraiser and Associates was placed on the report since it was on the 1<sup>st</sup> ROPS. She stated that instructions were not clear on how to enter information on the form, that there had been a lot of clarification since the report was initially prepared in February.

Kendall Berkey, Counsel, stated that there should be clarifications to the report and suggested including modifying #14 Health and Safety Code to include the code reference of Health and Safety Code 34171 d.1.(F) regarding enforceable obligations, that Health and Safety Code 34180 (b) should be added to allow the pledging of property taxes, that the certification section of the Oversight Board Chairman should read "I hereby certify based on my information and belief that the above is true and accurate," on the front of the ROPS.

Boardmembers discussed that the 3<sup>rd</sup> ROPS was adopted, the next expected meeting schedule, that the Due Diligence review was supposed to be prepared by Oct 1<sup>st</sup> and submitted to the Oversight Board by Oct 15<sup>th</sup> to review and provide a determination, a public meeting would be needed of the Oversight Board 5 days prior to the determination of the Due Diligence Review, it was not a public hearing but just a public meeting/comment session, that there would be no vote at the meeting, and that another meeting would be held at least 5 days after the meeting for a vote.

**ADJOURN:**

Chairman Golich adjourned the meeting at 5:50 p.m.

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Angela Ivey, Secretary

Approved: October 9, 2012