

**OVERSIGHT BOARD OF THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

A G E N D A

FEBRUARY 13, 2013

**City of Imperial Beach Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

REGULAR MEETING – 10:30 a.m.

The Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact the City Clerk's/Secretary's Office at (619) 423-8301, as far in advance of the meeting as possible.

- 1. CALL TO ORDER**
- 2. ROLL CALL BY CITY CLERK/SECRETARY**
- 3. PUBLIC COMMENT** - Each person wishing to address the Oversight Board regarding items not on the posted agenda may do so at this time. In accordance with State law, the Oversight Board may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the Successor Agency staff or placed on a future agenda.
- 4. REPORTS**
 - A. APPROVAL OF MINUTES.**

Recommendation: Approve the Oversight Board Special Meeting Minutes of January 2, 2013.
 - B. ADOPTION OF RESOLUTION NO. OB-13-14 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND RELATED ACTIONS.**

Recommendation: Adopt resolution.
 - C. ADOPTION OF RESOLUTION NO. OB-13-15 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (ROPS 13-14A).**

Recommendation: Adopt resolution.
 - D. ADOPTION OF RESOLUTION NO. OB-13-16 OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.5.**

Recommendation: Adopt resolution.
- 5. ADJOURNMENT**

/s/
Jacqueline M. Hald, MMC
City Clerk/Secretary

For your convenience, a copy of the agenda and meeting packet may be viewed in the office of the City Clerk at City Hall or on our website at www.cityofib.com. Go to the Imperial Beach Redevelopment Agency Successor Agency page located under the Government Section.

Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

**OVERSIGHT BOARD OF THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY
MINUTES**

JANUARY 2, 2013

**City of Imperial Beach Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932**

SPECIAL MEETING – 10:30 a.m.

1. CALL TO ORDER

CHAIR PERSON WINTER called the meeting to order at 10:30 a.m.

2. ROLL CALL BY CITY CLERK/SECRETARY

Oversight Board Members present: Hentschke, Goodwin-Colbert, Foltz

Oversight Board Members absent: West, Saadat

Vice Chair present: Fernandez

Chair present: Winter

Staff present: Deputy Executive Director Wade, City Attorney Lyon, Special Counsel Berkey, Finance Director VonAchen, City Clerk/Secretary Hald

3. PUBLIC COMMENT

None.

4. REPORTS

A. APPROVAL OF MINUTES.

CHAIRPERSON WINTER announced the following corrections to the December 12, 2012 minutes:

- Insert "Oversight Board Meeting" so that the first line reads" MOTION BY WINTER, SECOND BY WEST, TO APPROVE THE OVERSIGHT BOARD MEETING MINUTES OF..."
- Councilmembers should reflect Boardmembers

MOTION BY WINTER, SECOND BY FOLTZ, TO APPROVE THE AMENDED MINUTES OF THE DECEMBER 12, 2012 OVERSIGHT BOARD MEETING. MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS: FERNANDEZ, WINTER, GOODWIN-COLBERT, FOLTZ

NOES: BOARD MEMBERS: NONE

ABSTENSIONS: BOARD MEMBERS: HENTSCHE

ABSENT: BOARD MEMBERS: WEST, SAADAT

B. TAKING CERTAIN ACTIONS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.6 AND ADOPTION OF RESOLUTION NO. OB-13-13 IN CONNECTION WITH THE DUE DILIGENCE REVIEW FOR ALL FUND AND ACCOUNT BALANCES OTHER THAN THE LOW AND MODERATE INCOME HOUSING FUND PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34179.5.

DEPUTY EXECUTIVE DIRECTOR WADE noted that the public comment period was continued to this meeting and he presented the findings that are summarized in the tables of the Due Diligence Review.

No public speaker slips were submitted.

MOTION BY GOODWIN-COLBERT, SECOND BY FERNANDEZ, TO CLOSE THE PUBLIC COMMENT PERIOD AND TO ACCEPT AND ADOPT RESOLUTION NUMBER OB-13-13 (i) REVIEWING AND APPROVING THE DETERMINATION THAT THE AMOUNT OF CASH AND CASH EQUIVALENTS AVAILABLE FOR ALLOCATION TO TAXING ENTITIES ACCORDING TO THE METHOD PROVIDED IN HEALTH AND SAFETY CODE SECTION 34179.5 IS ZERO, CONSISTENT WITH THE RESULTS OF THE NON-HOUSING DDR PREPARED BY LANCE, SOLL & LUNGHARD, LLP, (ii) AUTHORIZING THE SUCCESSOR AGENCY'S RETENTION OF LAND VALUED AT \$17,048,281 IDENTIFIED IN ATTACHMENT B-7 PURSUANT TO PROCEDURE 7 IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34179.5(C)(5)(C), AND (iii) AUTHORIZING THE SUCCESSOR AGENCY'S AND CITY'S RETENTION OF THE 2010 TAX ALLOCATION BOND FUNDS IN THE AMOUNT OF \$16,704,301 IDENTIFIED IN ATTACHMENT B-6 OF THE NON-HOUSING DDR, PURSUANT TO PROCEDURE 6 IN ACCORDANCE WITH HEALTH AND SAFETY CODE SECTION 34179.5(C)(5)(B); AND (iv) APPROVING RELATED ACTIONS. MOTION CARRIED BY THE FOLLOWING VOTE:

**AYES: BOARD MEMBERS: HENTSCHE, FERNANDEZ, WINTER,
GOODWIN-COLBERT, FOLTZ**
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: WEST, SAADAT

C. REPORT ON THE DETERMINATIONS MADE BY THE STATE DEPARTMENT OF FINANCE ON THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY 1, 2013 TO JUNE 30, 2013.

CHAIR PERSON WINTER announced she had a potential conflict of interest on the item due to the location of her property and left Council Chambers at 10:42 a.m.

DEPUTY EXECUTIVE DIRECTOR WADE gave a detailed update report on the item.

MOTION BY GOODWIN-COLBERT, SECOND BY HENTSCHE, TO RECEIVE THE REPORT. MOTION CARRIED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS: HENTSCHE, FERNANDEZ, GOODWIN-COLBERT, FOLTZ
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: WEST, SAADAT
DISQUALIFIED: BOARD MEMBERS: WINTER

5. ADJOURNMENT

The meeting was adjourned at 11:00 a.m.

MAYDA C. WINTER, CHAIR PERSON

**JACQUELINE M. HALD, MMC
CITY CLERK/SECRETARY**

STAFF REPORT
OVERSIGHT BOARD
TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR
AGENCY

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR
GREG WADE, DEPUTY DIRECTOR

MEETING DATE: FEBRUARY 13, 2013

ORIGINATING DEPT.: SUCCESSOR AGENCY STAFF
GREG WADE, DEPUTY DIRECTOR 

SUBJECT: ADOPTION OF RESOLUTION NO. OB-13-14 OF THE
OVERSIGHT BOARD OF THE IMPERIAL BEACH
REDEVELOPMENT AGENCY SUCCESSOR AGENCY
APPROVING THE ADMINISTRATIVE BUDGET FOR THE
PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013
AND RELATED ACTIONS

BACKGROUND:

On June 28, 2011, Assembly Bill No. X1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies to the former redevelopment agencies were established and were tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the affairs of the former redevelopment agencies.

As part of the wind-down process enacted by AB 26, the City Council adopted Resolution No. 2012-7136 on January 5, 2012, electing for the City to serve as the successor agency to the Redevelopment Agency ("Successor Agency") upon the dissolution of the Redevelopment Agency under AB 26.

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

DISCUSSION:

Pursuant to Section 34177(j) of AB 26, as amended by AB 1484, the Successor Agency is required to prepare an administrative budget for each six-month fiscal period and submit the administrative budget to the Oversight Board for approval. The administrative budget shall include all of the following: (i) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (ii) proposed sources of payment for Successor Agency administrative costs; and (iii) proposals for arrangements for administrative and operations services provided by the City or other entity. Section 34177(k) of AB 26 as amended by AB 1484 requires the Successor Agency to provide to the San Diego County Auditor-Controller for each six-month fiscal period the administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.

Pursuant to AB 26 as amended by AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the total amount of property tax allocated to the Successor Agency's Redevelopment Obligation Retirement Fund to pay for enforceable obligations for each fiscal year, subject to a minimum amount of \$250,000 unless the Oversight Board reduces this amount.

On February 6, 2013, the Successor Agency adopted Resolution Number SA-13-21 approving the administrative budget for the period of July 1, 2013 through December 31, 2013 ("Administrative Budget"). Successor Agency staff is now seeking the Oversight Board's approval of the Administrative Budget for the period of July 1, 2013 through December 31, 2013, in the form attached to Resolution Number OB-13-14 as Exhibit "A", and the Oversight Board's authorization to submit the approved Administrative Budget to the California State Department of Finance. Pursuant to AB 26/AB 1484, Section 34180(j), when the Administrative Budget is submitted to the Oversight Board for approval, a copy of it and its adopting resolution will concurrently be sent to the County Administrative Officer, the County Auditor-Controller and the Department of Finance. If adopted by the Oversight Board, the Administrative Budget and its adopting resolution will be similarly forwarded to the County Auditor-Controller and the Department of Finance for their review.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

As noted above, the Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the total amount of property tax allocated to the Successor Agency's Redevelopment Obligation Retirement Fund to pay for enforceable obligations for each fiscal year, or a minimum of \$250,000 unless the Oversight Board reduces this amount. The DOF has steadfastly maintained that the Successor Agency is entitled to receive no more than \$250,000 in a given fiscal year. For the six-month period of July 1, 2013 through December 31, 2013, therefore, staff has proposed an Administrative Budget totaling \$125,000 as this is half the amount of the Administrative Cost Allowance we expect to be approved by the DOF.

DEPARTMENT RECOMMENDATION:

Staff recommends that the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number OB-13-14 approving the Administrative Budget for the period of July 1, 2013 through December 31, 2013 and other related actions.

EXECUTIVE DIRECTOR'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Resolution No. OB-13-14

RESOLUTION NO. OB-13-14**RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND APPROVING CERTAIN OTHER RELATED ACTIONS PURSUANT TO PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

WHEREAS, the Imperial Beach Redevelopment Agency (“Redevelopment Agency”) was a redevelopment agency in the City of Imperial Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code (“Health and Safety Code”), including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the “Imperial Beach Redevelopment Agency Successor Agency,” the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies (AB 26 as amended by AB 1484 is hereinafter referred to as the “Dissolution Act”); and

WHEREAS, Health and Safety Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the “oversight board.” The oversight board has been established for the Successor Agency (hereinafter referred to as the “Oversight Board”) and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179 of the

Dissolution Act. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, Section 34177(j) of the Dissolution Act requires the Successor Agency to prepare an administrative budget for each six-month fiscal period and submit the administrative budget to the Oversight Board for approval. The administrative budget shall include all of the following: (i) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (ii) proposed sources of payment for Successor Agency administrative costs; and (iii) proposals for arrangements for administrative and operations services provided by the City or other entity; and

WHEREAS, Section 34177(k) of the Dissolution Act requires the Successor Agency to provide to the San Diego County Auditor-Controller ("County Auditor-Controller") for each six-month fiscal period the administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency; and

WHEREAS, on February 6, 2013 by Resolution SA-13-21, the Successor Agency approved the administrative budget covering the period of July 1, 2013 through December 31, 2013 ("Administrative Budget"), in the form attached to this Resolution as Exhibit "A", and the Successor Agency authorized the submission of the approved Administrative Budget to the Oversight Board for its approval and to forward the information required by Section 34177(k) of the Dissolution Act to the County Auditor-Controller; and

WHEREAS, the Administrative Budget is now being submitted to the Oversight Board for review and approval in accordance with Health and Safety Code Section 34177(j) of the Dissolution Act; and

WHEREAS, the Administrative Budget has been prepared in accordance with Health and Safety Code Section 34177(j) of the Dissolution Act and is consistent with the requirements of the Health and Safety Code and other applicable law. The proposed source of payment of the costs set forth in the Administrative Budget is property taxes from the County's Redevelopment Property Tax Trust Fund established for the Successor Agency; and

WHEREAS, as required by Health and Safety Code Section 34180(j) of the Dissolution Act, the Successor Agency has submitted a copy of the Administrative Budget to the County Administrative Officer, the County Auditor-Controller, and the California Department of Finance ("Department of Finance") at the same time that the Successor Agency submitted the Administrative Budget to the Oversight Board for approval; and

WHEREAS, as required by Health and Safety Code Section 34179(f) of the Dissolution Act, all notices required by law for proposed actions of the Oversight Board shall be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

WHEREAS, pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board, including the proposed approval of the Administrative Budget, to the Department of Finance by electronic means and in the manner of the Department of

Finance's choosing; and

WHEREAS, in furtherance of Part 1.85 of the Dissolution Act, a copy of the Administrative Budget as approved by the Oversight Board will be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and will be posted on the Successor Agency's internet website; and

WHEREAS, pursuant to Health and Safety Code Section 34183(a)(2) of the Dissolution Act, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency on June 1, 2013 for payments to be made toward recognized obligations listed on the ROPS 13-14A and for the administrative cost estimates from its approved Administrative Budget; and

WHEREAS, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

WHEREAS, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because this activity is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.
- Section 3.** The Oversight Board hereby approves and adopts the Administrative Budget, substantially in the form attached to this Resolution as Exhibit "A," pursuant to Health and Safety Code Section 34177(j) of the Dissolution Act.
- Section 4.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to submit to the County Auditor-Controller the administrative cost estimates from the

Administrative Budget that are to be paid from property tax revenues deposited in the County's Redevelopment Property Tax Trust Fund established for the Successor Agency.

Section 5. The Oversight Board hereby directs the Successor Agency to submit copies of the Administrative Budget approved by this Resolution as required under the Dissolution Act, in the method required, and in a manner to avoid a late submission or accrual of any penalties. In this regard, the Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (i) submit the Administrative Budget, as approved by the Oversight Board, and written notice of the Oversight Board's approval of the Administrative Budget to the Department of Finance (electronically) pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act; (ii) submit a copy of the Administrative Budget, as approved by the Oversight Board, to the County Auditor-Controller and the State Controller's Office; and (iii) post the Administrative Budget, as approved by the Oversight Board, on the Successor Agency's internet website.

Section 6. The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution.

Section 7. The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

Section 8. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 9. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 13th day of February 2013, by the following vote:

AYES:	BOARDMEMBERS:
NOES:	BOARDMEMBERS:
ABSENT:	BOARDMEMBERS:

CHAIRPERSON

ATTEST:

**JACQUELINE M. HALD, MMC
SECRETARY**

EXHIBIT "A"

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET
July 1, 2013 through December 31, 2013
("Administrative Budget")**

Approved on February 13, 2013

Successor Agency of the Imperial Beach Redevelopment Agency
Agency Administrative Budget
Fiscal Year 2013-14

JULY 1, 2013 THRU DECEMBER 31, 2013 COSTS

LABOR COSTS

Position Title	SA Admin Labor Cost
Assistant City Manager/Comm Dev Director	\$ 35,749.01
Administrative Secretary II	\$ 1,090.00
City Manager	\$ 16,954.14
Clerk Typist	\$ 1,180.82
City Clerk	\$ 8,291.30
Administrative Services Director	\$ 20,499.38
Financial Services Assistant	\$ 1,994.75
Senior Account Technician	\$ 1,740.83
Labor Cost SA Calculation Totals	\$ 87,500

OTHER OPERATING EXPENSES

Legal Costs (6-months)	30,000
Audit Services - Financial Statements (6-months)	7,500
Other Operating Expenses Totals:	\$ 37,500
Successor Agency Administrative Cost Total:	\$ 125,000

**STAFF REPORT
OVERSIGHT BOARD
TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY**

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR
AGENCY

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR

MEETING DATE: FEBRUARY 13, 2013

ORIGINATING DEPT.: SUCCESSOR AGENCY STAFF
GREG WADE, DEPUTY DIRECTOR 

SUBJECT: ADOPTION OF RESOLUTION NO. OB-13-15 OF THE
OVERSIGHT BOARD OF THE IMPERIAL BEACH
REDEVELOPMENT AGENCY SUCCESSOR AGENCY
APPROVING THE RECOGNIZED OBLIGATION PAYMENT
SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH
DECEMBER 31, 2013 (ROPS 13-14A)

BACKGROUND:

On June 28, 2011, Assembly Bill X1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies, and successor agencies are tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the affairs of the former redevelopment agencies.

Pursuant to Health and Safety Code ("HSC") Section 34177 of AB 26, the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") prepared a draft Recognized Obligation Payment Schedule ("ROPS") by the required deadline of March 1, 2012, adopting the draft ROPS on February 15, 2012 for the period ending June 30, 2012. This ROPS, for the period of January 1, 2012 through June 30, 2012, was subsequently modified and approved by the Successor Agency's Oversight Board (the "Oversight Board") (hereinafter the "First ROPS") and submitted to the State of California Controller's Office (the "SCO") and the State of California Department of Finance (the "DOF") by April 15, 2012. Additionally, the Successor Agency adopted the ROPS covering the period from July 1, 2012 through December 31, 2012 (hereinafter the "Second ROPS"), which was also approved by the Oversight Board and transmitted to the SCO and the DOF by April 15, 2012. By letter dated May 29, 2012, the DOF did not question any obligations included on the First ROPS or Second ROPS.

On August 1, 2012, the Successor Agency approved the ROPS for the period of January 1, 2013, through June 30, 2013 (hereinafter the "Third ROPS"), and on August 22, 2012, the Third ROPS was approved by the Oversight Board and duly transmitted to the DOF, the SCO and the San Diego County Auditor-Controller (the "County A-C") that day.

On October 1, 2012, Successor Agency staff received a copy of a letter from the County A-C to the DOF sent pursuant to HSC Section 34182.5 which allowed for the County's review of the Successor Agency's submitted Third ROPS. On October 6, 2012, Successor Agency staff received a letter from the DOF commenting on and questioning items included in our Third ROPS. Included in the DOF's letter was a statement that the January 2, 2013 distribution of Redevelopment Property Tax Trust Fund (RPTTF), which will fund the Successor Agency's Third ROPS obligations may be "adjusted" by the County A-C pursuant to comments made in its letter dated October 1, 2012. At the Oversight Board meeting on October 11, 2012, the Oversight Board took actions pursuant to HSC Section 34182.5 officially disputing the findings of the County A-C as outlined in its letter. Further, pursuant to HSC Section 34177(m), on October 12, 2012, Successor Agency staff submitted a request to the DOF to Meet and Confer with them over items questioned by the DOF and the County A-C in their letters dated October 6, 2012, and October 1, 2012, respectively.

On November 16, 2012, Successor Agency staff met with DOF staff in Sacramento to Meet and Confer over items on the Third ROPS disputed by the DOF and County A-C. Based upon that Meet and Confer, the DOF sent a letter to the Successor Agency staff dated December 18, 2012, that revised several of their findings and, most importantly, directed the County A-C to not make any adjustments to the Successor Agency's share of RPTTF distribution on January 2, 2013 as proposed in the County A-C's October 1, 2012 letter. As such, of the \$5,774,108 of RPTTF requested by the Successor Agency for the Third ROPS period, the DOF increased the "adjusted amount" proposed by the County A-C from \$244,780 up to \$3,541,913. Additionally, the DOF determined that the Successor Agency did not receive enough RPTTF during the ROPS II period for DOF-approved enforceable obligations and, therefore, indicated that the Successor Agency may request additional RPTTF to pay for DOF-approved ROPS II obligations that went unfunded because of insufficient RPTTF distributed to the Successor Agency.

DISCUSSION:

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies.

Pursuant to Section 34177(m) of AB 26 as amended by AB 1484, the Successor Agency is required to submit the ROPS for the period of July 1, 2013 through December 31, 2013 (hereinafter the "ROPS 13-14A"), to the DOF and the County A-C no fewer than ninety (90) days before the date of property tax distribution on June 1, 2013 (i.e. March 1, 2013). Staff has prepared the ROPS 13-14A covering the period from July 1, 2013 through December 31, 2013 and it is attached to this staff report as Exhibit "A" to Resolution Number OB-13-16.

On February 6, 2013, the Successor Agency approved Resolution Number SA-13-20 approving the ROPS 13-14A. Pursuant to Section 34177(l)(2)(B) of AB 26 as amended by AB 1484, the ROPS 13-14A is being submitted to the Oversight Board for review and approval in accordance with AB 26 as amended by AB 1484. Additionally, the Successor Agency has submitted a copy of the ROPS 13-14A to the County Administrative Officer, the County A-C, and the DOF at the

same time that the ROPS 13-14A was submitted to the Oversight Board for approval. Pursuant to Health and Safety Code Sections 34171(d)(1)(F), 34178(a), and 34180(h) of AB 26 as amended by AB 1484, the Successor Agency now seeks the Oversight Board's approval of the ROPS 13-14A. Once again, the ROPS 13-14A must be approved and forwarded to the DOF by March 1, 2013.

Based upon determinations made by the DOF as a result of our Meet and Confer as outlined in the DOF's letter dated December 18, 2012, the ROPS 13-14A includes requests for bond debt reserves of both the 2003 and 2010 tax allocation bonds. In addition, the ROPS 13-14A includes a request for half the amount of annual \$250,000 administrative cost allowance to fund administrative costs of the Successor Agency consistent with the proposed Administrative Budget.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

Approval of the obligations and their funding from RPTTF will allow the Successor Agency to pay for those obligations. To the extent that any obligations and their funding from RPTTF are not approved by the DOF, this may have an impact on the General Fund if such obligations must be paid pending a Meet and Confer with the DOF.

DEPARTMENT RECOMMENDATION:

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number OB-13-15 approving the Recognized Obligation Payment Schedule for the period of July 1, 2013 through December 30, 2013 (referred to as ROPS 13-14A).

EXECUTIVE DIRECTOR/CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Resolution No. OB-13-15

RESOLUTION NO. OB-13-15**RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY ADOPTING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 AND APPROVING CERTAIN RELATED ACTIONS PURSUANT TO PART 1.85 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

WHEREAS, the Imperial Beach Redevelopment Agency (“Redevelopment Agency”) was a redevelopment agency in the City of Imperial Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code (“Health and Safety Code”), including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the “Imperial Beach Redevelopment Agency Successor Agency,” the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies (AB 26 as amended by AB 1484 is hereinafter referred to as the “Dissolution Act”); and

WHEREAS, Health and Safety Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the “oversight board.” The oversight board has been established for the Successor Agency (hereinafter referred to as the “Oversight Board”) and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179 of the

Dissolution Act. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, pursuant to Health and Safety Code Section 34171(m) of the Dissolution Act, a "Recognized Obligation Payment Schedule" ("ROPS") means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in Section 34177(m) of the Health and Safety Code. Therefore, the amounts listed on a ROPS are solely estimates of minimum payment amounts required of the Successor Agency for enforceable obligations for the upcoming six month period; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(3) of the Dissolution Act, the ROPS shall be forward looking to the next six (6) months; and

WHEREAS, according to Health and Safety Code Section 34177(l)(1) of the Dissolution Act, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of Part 1.85 of the Dissolution Act, and (vi) other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former Redevelopment Agency as approved by the Oversight Board in accordance with Part 1.85 of the Dissolution Act; and

WHEREAS, it is the intent of the Dissolution Act that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's minimum bi-annual payment obligations by amount and source and that the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of AB 26, the Successor Agency (i) prepared its draft ROPS by March 1, 2012, (ii) adopted the draft ROPS on February 15, 2012 for the period ending June 30, 2012, as modified administratively by the Executive Director, (iii) submitted the draft ROPS to the State of California Controller's Office and the State of California Department of Finance ("Department of Finance") by April 15, 2012 for the period of January 1, 2012 through June 30, 2012, (iv) amended and adopted the draft ROPS as the first ROPS for submission to the State Controller's Office and the Department of Finance by April 15, 2012 and revised the ROPS to reflect the time period of January 1, 2012 through June 30, 2012 (the "First ROPS"), and (v) adopted the second ROPS covering the period from July 1, 2012 through December 31, 2012 (the "Second ROPS"); and

WHEREAS, in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of AB 26, on April 11, 2012, the Oversight Board adopted the First ROPS pursuant to Resolution No. OB-12-03 as proposed by the Successor Agency, and on April 11, 2012, the Oversight Board adopted the Second ROPS pursuant to Resolution OB-12-04 as proposed by the Successor Agency. In accordance with AB 26, the Successor Agency submitted the Oversight Board-approved First ROPS and Second ROPS to the Department of Finance, the County Auditor-Controller, and the State Controller's Office by the statutory deadlines. The Department of Finance did not question or object to any obligations set forth in the First ROPS

and the Second ROPS and, therefore the First ROPS and the Second ROPS were approved and deemed effective; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of the Dissolution Act, the Successor Agency adopted the third ROPS covering the period from January 1, 2013 through June 30, 2013 (the "Third ROPS"); and

WHEREAS, in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of the Dissolution Act, on August 22, 2012, the Oversight Board adopted the Third ROPS pursuant to Resolution OB-12-09 as proposed by the Successor Agency. In accordance with the Dissolution Act, the Successor Agency submitted the Oversight Board-approved Third ROPS to the Department of Finance, the County Auditor-Controller, the County Administrative Officer and the State Controller's Office by the statutory deadlines. The Department of Finance approved the Third ROPS with certain modifications; and

WHEREAS, pursuant to Health and Safety Code Section 34177 of the Dissolution Act, the Successor Agency, on February 6, 2013 by Resolution No. 2013-SA-13-20, adopted the ROPS covering the period from July 1, 2013 through December 31, 2013 ("ROPS 13-14A"), in substantial form attached to this Resolution as Exhibit "A", and the Successor Agency authorized the submission of the approved ROPS 13-14A to the Oversight Board for its adoption; and

WHEREAS, the ROPS 13-14A is now being submitted to the Oversight Board for review and adoption in accordance with Health and Safety Code Sections 34177(l)(2)(B) and 34180(g) of the Dissolution Act. In this regard, as required by Health and Safety Code Section 34177(l)(2)(B), the Successor Agency has submitted a copy of the ROPS 13-14A to the County Administrative Officer, the County Auditor-Controller, and the Department of Finance at the same time that the Successor Agency submitted the ROPS 13-14A to the Oversight Board for adoption; and

WHEREAS, pursuant to Health and Safety Code Section 34177(m) of the Dissolution Act, the Successor Agency is required to submit the ROPS 13-14A, after its adoption by the Oversight Board, to the Department of Finance and the County Auditor-Controller no fewer than 90 days before the date of property tax distribution on June 1, 2013, which is no later than March 1, 2013; and

WHEREAS, pursuant to Health and Safety Code Section 34177(l)(2)(C) of the Dissolution Act, a copy of the Oversight Board-approved ROPS 13-14A shall be submitted to the County Auditor-Controller and both the State Controller's Office and the Department of Finance and shall be posted on the Successor Agency's internet website; and

WHEREAS, pursuant to Health and Safety Code Section 34177(m)(1) of the Dissolution Act, the Successor Agency shall submit a copy of the Oversight Board-approved ROPS 13-14A to the Department of Finance electronically and the Successor Agency shall have completed the ROPS 13-14A in the manner provided by the Department of Finance; and

WHEREAS, pursuant to Health and Safety Code Section 34183(a)(2) of the Dissolution Act, the County is required to make a payment of property tax revenues (i.e. former tax increment funds) to the Successor Agency on June 1, 2013 for payments to be made toward

recognized obligations listed on the ROPS 13-14A; and

WHEREAS, the proposed ROPS 13-14A attached to this Resolution as Exhibit "A" is consistent with the requirements of the Health and Safety Code and other applicable law; and

WHEREAS, ROPS 13-14A contains the schedules for payments on enforceable obligations required of the Successor Agency for the applicable six-month period and sources of funds for payment as required pursuant to Health and Safety Code Section 34177(l) of the Dissolution Act; and

WHEREAS, pursuant to Health and Safety Code Section 34177(m), the Oversight Board-approved ROPS 13-14A shall be submitted to the Department of Finance and the County Auditor-Controller by March 1, 2013. Section 34177(m) further provides that the Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of enforceable obligations no later than forty-five (45) days after the ROPS is submitted and that the Successor Agency may, within five (5) business days of the Department of Finance's determination, request an additional review by the Department of Finance and an opportunity to meet and confer on disputed items. In the event of a meet and confer and request for additional review, the meet and confer period may vary but the Department of Finance shall notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least fifteen (15) days before the date of property tax distribution on June 1, 2013; and

WHEREAS, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

WHEREAS, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because such activity is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly

reserved any and all rights, privileges, and defenses available under law and equity.

Section 3. The Oversight Board hereby approves and adopts the ROPS 13-14A, substantially in the form attached to this Resolution as Exhibit "A," pursuant to Health and Safety Code Sections 34177(l) and 34180(g) of the Dissolution Act.

Section 4. The Oversight Board hereby directs the Successor Agency to submit copies of the ROPS 13-14A adopted by this Resolution as required under the Dissolution Act, in the method required, and in a manner to avoid a late submission or accrual of any penalties. In this regard, the Executive Director, or designee, of the Successor Agency is hereby authorized and directed to: (i) submit the ROPS 13-14A, as approved by the Oversight Board, to the Department of Finance (electronically) and the County Auditor-Controller no later than March 1, 2013; (ii) submit a copy of the ROPS 13-14A, as approved by the Oversight Board, to the State Controller's Office and post the ROPS 13-14A on the Successor Agency's internet website; and (iii) revise the ROPS 13-14A, and make such changes and amendments as necessary, before official submittal of the ROPS 13-14A to the Department of Finance, in order to complete the ROPS 13-14A in the manner provided by the Department of Finance and to conform the ROPS 13-14A to the form or format as prescribed by the Department of Finance.

Section 5. The Executive Director, or designee, of the Successor Agency is hereby authorized and directed to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution.

Section 6. The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

Section 7. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 8. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 13th day of February 2013, by the following vote:

AYES: BOARDMEMBERS:
NOES: BOARDMEMBERS:
ABSENT: BOARDMEMBERS:

CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, MMC
SECRETARY

EXHIBIT "A"

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE
July 1, 2013 through December 31, 2013
("ROPS 13-14A")**

Approved on February 13, 2013

(See Attachment)

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **IMPERIAL BEACH (SAN DIEGO)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$39,977,582

Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$267,146
B Enforceable Obligations Funded with RPTTF	\$3,127,816
C Administrative Allowance Funded with RPTTF	\$125,000
D Total RPTTF Funded (B + C = D)	\$3,252,816
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$3,519,962
F Enter Total Six-Month Anticipated RPTTF Funding	\$1,735,863
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	(\$1,516,954)

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

H Enter Estimated Obligations Funded by RPTTF (<i>lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed</i>)	\$1,388,690
I Enter Actual Obligations Paid with RPTTF	\$1,197,913
J Enter Actual Administrative Expenses Paid with RPTTF	\$190,777
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$0
L Adjustment to RPTTF (D - K = L)	\$3,252,816

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.

Mayda Winter

Chair

Name

Title

Signature

Date

IMPERIAL BEACH (SAN DIEGO)
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)
 July 1, 2013 through December 31, 2013

Oversight Board Approval Date: _____

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2013-14	Funding Source					Six-Month Total
									Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	
							\$39,977,582	\$6,667,342	\$0	\$267,146	\$125,000	\$3,127,816	\$0	\$3,519,962
1	2003 Tax Allocation Bonds Series A	December 2003	December 2036	Wells Fargo Bank	Bond Debt Service pursuant to Section 34171 (d) (1) (A) and 34171(d)(1)(E)	Palm Ave Commercial Corridor PA1, PA2	17,965,000	1,547,574	0	133,573	0	385,214	0	518,787
2	2010 Tax Allocation Bonds Series	November 2010	November 2041	Wells Fargo Bank	Bond Debt Service pursuant to Section 34171 (d) (1) (A) and 34171(d)(1)(E)	Palm Ave Commercial Corridor PA1, PA2	21,465,000	1,278,006	0	133,573	0	390,430	0	524,003
3	2003 Tax Allocation Bonds Series A	December 2003	December 2036	Wells Fargo Bank	Bond Debt Service pursuant to Section 34171 (d) (1) (A) and 34171(d)(1)(E). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	N/A	1,547,574	0	0	0	1,028,787	0	1,028,787
4	2010 Tax Allocation Bonds Series	November 2010	November 2041	Wells Fargo Bank	Bond Debt Service pursuant to Section 34171 (d) (1) (A) and 34171(d)(1)(E). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	N/A	1,278,006	0	0	0	754,003	0	754,003
5	Housing Loan/Advance to make Bond Payment			Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay May 2012 Bond Payments. Section 34171 (d) (1) (G). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
6	Housing Loan/Advance to pay Enforceable Obligations			Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds loaned/advanced to pay ROPS 1 & 2 enforceable obligations. Section 34171 (d) (1) (G). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
7	Housing (HA) Loan/Advance to pay Enforceable Obligations			Housing Authority	Advance/loaned Housing Deficiency Low Mod Tax Increment Funds (HA) loaned/advanced to pay ROPS 1 & 2 enforceable obligations. Section 34171 (d) (1) (G). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
8	Housing Agreement			Imperial Beach	For provisions of housing costs under CRL pursuant to Health and Safety Code 34171 (d) (3), 34176. See Notes Page	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
9	Clean & Green Program	TBD	TBD	Various Contractors/Project Management	Tax Exempt Housing Bond Indenture Project pursuant to and consistent with 2003 Tax Allocation Bonds Series A issued December 2003. See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
10	Habitat Project	TBD	TBD	Habitat P.M./Project Management	Tax Exempt Housing Bond Indenture Project pursuant to and consistent with 2003 Tax Allocation Bonds Series A issued December 2003. See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
11	Admin Budget	N/A	N/A	City of Imperial Beach	Per AB 26 /AB 1484. The Administrative Budget and estimated payment with RPTTF was approved by SA on August 1, 2012 by Resolution No. SA-12-12 and presented to the Oversight Board for approval on August 22, 2012, in accordance with Sections 34177(j) and 34177(k).	Palm Ave Commercial Corridor PA1, PA2	N/A	250,000	0	0	125,000	0	0	125,000
12	City Service Agreement	7/1/2007		City of Imperial Beach	Per AB 26/AB 1484 - Section 34171 (d) (1) (F), 34178 (a), 34180 (h). See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	0	0	0	0	0	0	0	0
13	Legal	May 2011	TBD	McDougal/Kane Balmer	Legal Services provided to SA. See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	N/A	160,000	0	0	0	80,000	0	80,000
14	Hotel Project Requirement	December 2010	Termination date based on DDA and 55 year ground lease.	City of Imperial Beach	Fulfillment of Project requirements per DDA. See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	55,000	10,000	0	0	0	5,000	0	5,000
15	Capital Trailer Rental	August 2006	Completion of Bond Projects	Bert's Mobile Home Acceptance	Temp Trailer for Project Management. See Notes Page.	Palm Ave Commercial Corridor PA1, PA2	N/A	3,600	0	0	0	1,800	0	1,800

IMPERIAL BEACH (SAN DIEGO)
 RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
 July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
1	2003 Tax Allocation Bonds Series A	Per DOF's instructions, we indicated under the Reserve column those funds that we received on January 2, 2013 as bond reserves toward the payment of a portion of the bond debt service payments. This payment is being paid with the RPTTF distributed on January 2, 2013 as payment for bond reserves as approved by the DOF on the Third ROPS and the remaining payment is from RPTTF.
2	2010 Tax Allocation Bonds Series	Per DOF's instructions, we indicated under the Reserve column those funds that we received on January 2, 2013 as bond reserves toward the payment of a portion of the bond debt service payments. This payment is being paid with the RPTTF distributed on January 2, 2013 as payment for bond reserves as approved by the DOF on the Third ROPS and the remaining payment is from RPTTF.
3	2003 Tax Allocation Bonds Series A	A bond debt service reserve must be established to meet cash flow requirements of the bond debt service payments listed in Item 3. There are semi-annual debt service payments made 5 days before June 1 and 5 days before December 1 of each year. The December payment is interest only and the June payment is principal and interest. The June 1, 2014 payment (due in late May) totals \$1,028,787. The \$1,028,787 requested for bond debt service reserve is intended to ensure that sufficient funds will be available to make this June 1, 2014 payment. This reserve for a bond debt service payment due June 2014, constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(A) and 34171(d)(1)(E). Such a reserve, payable by RPTTF, is specifically authorized by Health and Safety Code Section 34171(d)(1)(A). A reserve for bond debt service payments was approved by the DOF on the Third ROPS, therefore this item should be approved on this ROPS 13-14A.
4	2010 Tax Allocation Bonds Series	A bond debt service reserve must be established to meet cash flow requirements of the bond debt service payments listed in Item 4. There are semi-annual debt service payments made 5 days before June 1 and 5 days before December 1 of each year. The December payment is interest only and the June payment is principal and interest. The June 1, 2014 payment (due in late May) totals \$754,003. The \$754,003 requested for bond debt service reserve is intended to ensure that sufficient funds will be available to make this June 1, 2014 payment. This reserve for a bond debt service payment due June 2014, constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(A) and 34171(d)(1)(E). Such a reserve, payable by RPTTF, is specifically authorized by Health and Safety Code Section 34171(d)(1)(A). A reserve for bond debt service payments was approved by the DOF on the Third ROPS, therefore this item should be approved on this ROPS 13-14A.
5	Housing Loan/Advance to make Bond Payment	
6	Housing Loan/Advance to pay Enforceable Obligations	
7	Housing (HA) Loan/Advance to pay Enforceable Obligations	
8	Housing Agreement	
9	Clean & Green Program	
10	Habitat Project	
11	Admin Budget	The amount of the Administrative Cost Allowance is not intended to limit the use and amount of other funds available to the Successor Agency, if any is available, to be used to pay for additional administrative costs included in the Administrative Budget for the period July 1, 2013 through December 31, 2013. In addition, the item description/project scope is incorrect. This Administrative Cost Allowance/Budget was approved by the Successor Agency on February 6, 2013 by Resolution #SA-13-21, and will be submitted to the Oversight Board on February 13, 2013 for approval accordance with Health Safety Code Sections 34177(j) and 34177(k).
12	City Service Agreement	Pending Finding of Completion and repayment pursuant to Health and Safety Code Section 34191.4(b). Payment for this item was denied by the DOF on the Third ROPS and such denial is temporary, only until a Finding of Completion is issued by the DOF to the Successor Agency. Therefore, this item was not denied outright by the DOF and will be included on a subsequent ROPS for approval.
13	Legal	Each of these Legal Services Agreement were executed by the former RDA and constitute an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(E). In addition, the services assist the SA in its wind down of former RDA affairs and therefore constitute enforceable obligations pursuant to Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b).
14	Hotel Project Requirement	These costs are associated with a DDA entered into by and between the former RDA. Pursuant to Health and Safety Code Section 34171(d)(1)(E), this item constitutes an enforceable obligation. This item is specifically excluded from the definition of and payment by the administrative cost allowance and does not constitute an administrative cost as a project-related cost pursuant to Health and Safety Code Section 34171(b). Payment of this obligation is required by the underlying former RDA agreement and therefore constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(E) and shall be payable from RPTTF monies.
15	Capital Trailer Rental	These costs are associated with a contract entered into by and between the former RDA. Pursuant to Health and Safety Code Section 34171(d)(1)(E), this item constitutes an enforceable obligation. Further, agreements or contracts necessary for the costs of maintaining assets of the former RDA are enforceable obligations pursuant to Health and Safety Code Section 34171(d)(1)(F). This item is specifically excluded from the definition of and payment by the administrative cost allowance and does not constitute an administrative cost as a cost for maintaining assets pursuant to Health and Safety Code Section 34171(b). Payment of this obligation is required by the underlying former RDA agreement and therefore constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(E) and shall be payable from RPTTF monies.
16	Due Diligence Review ("DDR") Preparation Cost	
17	2003 Tax Allocation Bonds Series A	
18	Litigation	Litigation costs due to the filing of a lawsuit by the Affordable Housing Coalition of San Diego alleging that unmet affordable housing obligations of the former RDA pursuant to the California Community Redevelopment Law constitute an enforceable obligation of the Successor Agency payable from RPTTF. Costs relating to potential and pending litigation in connection with assets or obligations constitute an enforceable obligation of the Successor Agency and shall be payable from RPTTF monies, not as an administrative cost pursuant to Health & Safety Code Section 34171(b).
19	Oversight Board Costs	Costs incurred by the Successor Agency in connection with performing statutorily required services for the Oversight Board are not administrative costs and are not paid using the Administrative Cost Allowance because they are costs incurred by the Successor Agency due to the Successor Agency being required to perform services for the Oversight Board pursuant to Health and Safety Code Section 34179(c). As such, payment of this obligation is required by State law at Health and Safety Code Section 34179(c) and therefore constitutes an enforceable obligation pursuant to Health and Safety Code Section 34171(d)(1)(C) and shall be payable from RPTTF monies, not as an administrative cost.
20	ROPS I Cash-flow Deficit	These payments are requested for DOF approved enforceable obligations listed on the First ROPS but went unfunded because of insufficient tax increment distribution to pay all DOF approved obligations. These projects include 9th & Palm Southbay Relocation for \$66,808 remaining balance, 9th & Palm/Other Bond Projects of \$8,714, RDA Management of \$93,819, Graffiti Abatement of \$17,523, \$3,800 for continuing bond disclosure to NBS, and \$12,866 for legal/projects. Refer to the First ROPS as a reference.

STAFF REPORT
OVERSIGHT BOARD
TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD TO THE
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR
AGENCY

FROM: GARY BROWN, EXECUTIVE DIRECTOR

MEETING DATE: FEBRUARY 13, 2013

ORIGINATING DEPT.: SUCCESSOR AGENCY STAFF
GREG WADE, DEPUTY DIRECTOR *GW*

SUBJECT: ADOPTION OF RESOLUTION NO. OB-13-16 OF THE
OVERSIGHT BOARD OF THE IMPERIAL BEACH
REDEVELOPMENT AGENCY SUCCESSOR AGENCY
APPROVING THE LONG-RANGE PROPERTY MANAGEMENT
PLAN PREPARED PURSUANT TO HEALTH AND SAFETY
CODE SECTION 34191.5

BACKGROUND:

On June 28, 2011, Assembly Bill No. X1 26 ("AB 26") was signed into law by the Governor of California which called for the dissolution of redevelopment agencies throughout the state and established the procedures by which this was to be accomplished. On December 29, 2011, AB 26 was largely upheld by the California State Supreme Court with some of the dates by which certain dissolution actions were to occur pushed back by four months. As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies, and successor agencies are tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the affairs of the former redevelopment agencies.

On June 27, 2012, the State Legislature passed and the Governor signed Assembly Bill No. 1484 ("AB 1484", Chapter 26, Statutes 2012) as a trailer bill for the Fiscal Year 2012-2013 State budget package. Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 also imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind-down process of former redevelopment agencies, including the preparation of a Long-Range Property Management Plan.

DISCUSSION:

Pursuant to Section 34191.5(b) of AB 26 as amended by AB 1484 (collectively the "Dissolution Act"), once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency to the Imperial Beach Redevelopment Agency (the "Successor Agency")

pursuant to Section 34179.7 of the Dissolution Act, the Successor Agency shall prepare a Long-Range Property Management Plan ("Plan") that addresses the disposition and use of certain real properties of the former Imperial Beach Redevelopment Agency ("Former RDA"). The Plan shall be submitted to the Oversight Board of the Successor Agency (the "Oversight Board") and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency.

Pursuant to Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund ("Trust") will be established to serve as the repository of the Former RDA's real properties identified in the Due Diligence Reviews ("DDR's") by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR's.). The Trust shall be administered by the Successor Agency.

Pursuant to Section 34191.4(a) of the Dissolution Act, upon the approval of the Plan by the DOF, all real property and interests in real property identified in the Due Diligence Reviews ("DDR's") by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR's.) shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation.

Although the Dissolution Act requires that the Plan be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency, which the Successor Agency has yet to receive as of this date, staff is processing the Plan for approval earlier than statutorily required in order to expedite, to whatever extent possible, the DOF's review and approval of the Plan, in an effort to move the development forward in connection with two real properties identified in the proposed Plan.

Section 34191.5(c) of the Dissolution Act requires specific information to be included in the Plan.

Specifically, the Plan shall include an inventory of all properties in the Trust and the inventory shall consist of all of the following information for each property:

- 1) The date of the acquisition of the property and the value of the property at that time and an estimate of the current value of the property
- 2) The purpose for which the property was acquired
- 3) Parcel data, including address, lot size, and current zoning in the Former RDA's redevelopment plan or specific, community or general plan
- 4) An estimate of the current value of the parcel including, if available, any appraisal information
- 5) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds
- 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
- 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the Successor Agency
- 8) A brief history of the previous development proposals and activity, including the rental or lease of the property

Further, the Plan must address the use or disposition of all of the properties in the Trust. Permissible uses include the retention of the property for governmental use pursuant to Section 34181(a) of the Dissolution Act, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The Plan shall separately identify and list properties in the Trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

- 1) If the Plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the City
- 2) If the Plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in (1) above, the proceeds from the sale shall be distributed as property tax to the taxing entities
- 3) Property shall not be transferred to the Successor Agency or to the City of Imperial Beach, unless the Plan has been approved by the Oversight Board and the DOF

There are three (3) real properties ("Properties") proposed in the Plan and that were identified in the Non-Housing DDR by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). No real property assets were identified in the Housing DDR by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). These Properties are described as follows:

- 1) 741-849 Palm Avenue, City of Imperial Beach, County of San Diego, State of California
- 2) 735 Palm Avenue, City of Imperial Beach, County of San Diego, State of California
- 3) 800 Seacoast Drive, City of Imperial Beach, County of San Diego, State of California

In addition to the above Properties, the Former RDA previously held title to real property located at 776 10th Street (commonly referred to as the 10th & Donax site). This property was acquired in May 2008 by the Former RDA with Low and Moderate Income Housing Funds for the development of affordable housing pursuant to the California Community Redevelopment Law ("CRL"). After the Former RDA purchased this property, the structure existing on the property was demolished and cleared by the Former RDA to prepare the site for future development of affordable housing. Pursuant to Section 34176(e) of the Dissolution Act, this property constitutes a "housing Asset" and, therefore, title and ownership of this property was transferred to the Imperial Beach Housing Authority ("Housing Authority"), which entity serves as the Successor Housing Entity of the Former RDA pursuant to Sections 34176(b) and 34176(c) of the Dissolution Act. As required by Section 34176(a)(2) of the Dissolution Act, on July 31, 2012, the Successor Agency staff provided to the DOF for review the list of housing asset transfers ("HAT List") that identified Former RDA assets that were transferred to the Housing Authority serving as the Successor Housing Entity for affordable housing purposes consistent with the ("CRL"). The HAT List included, among other "housing assets", the 10th & Donax site as property being held by the Housing Authority as the Successor Housing Entity. On August 30, 2012, the DOF issued a letter to the Successor Agency specifically stating that, except for the items to which the DOF objected (which related to Housing Bond Proceeds only), the DOF "is not objecting to the remaining items, if any, listed on your Form." Therefore, the 10th & Donax site was properly included on the HAT List and not objected to by the DOF within the statutory review period and therefore, is held by the Housing Authority for the development of affordable housing. As such, the 10th & Donax site is (i) not identified in the DDRs by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs), although it is referenced in Procedure 3 of the Housing DDR as a "housing asset" pursuant to Section 34176(e)(1) of the Dissolution Act transferred to the Housing Authority, and (ii) is not included in the proposed Plan.

The other three Properties listed above, however, are specifically included and discussed in the proposed Plan, a copy of which is attached to this staff report. For these Properties, the above-listed information required by Section 34191.5(c) of the Dissolution Act is provided. Further, pursuant to Section 34191.5(c)(2), the two Properties located on Palm Avenue are being held for the anticipated sale and development, and all three Properties are being retained for purposes of fulfilling an enforceable obligation, as more specifically described in the Plan.

On February 6, 2013, the Successor Agency adopted Resolution No. SA-13-21 approving the Long-Range Property Management Plan for the Successor Agency. Should the Oversight Board adopt Resolution No. OB-13-16 approving the Long-Range Property Management Plan on February 13, 2013, pursuant to Health and Safety Code Section 34191.5(b), it will then be forwarded to the DOF for their review and approval.

ENVIRONMENTAL DETERMINATION:

The approval of this Plan is not a project as defined by the California Environmental Quality Act ("CEQA"). The projects associated with the properties identified in the Plan, along with their respective DDAs, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by the appropriate lead agency.

FISCAL IMPACT:

Approval of the Plan does not, in itself, obligate the Successor Agency to any additional financial obligations beyond those already considered and approved by and/or assigned to the Successor Agency as outlined in each respective DDA.

DEPARTMENT RECOMMENDATION:

Staff recommends that the Oversight Board to the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number OB-13-16 approving the Long-Range Property Management Plan required pursuant to Section 34191.5(b) of the Dissolution Act.

EXECUTIVE DIRECTOR/CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Resolution No. OB-13-16
2. Long-Range Property Management Plan

RESOLUTION NO. OB-13-16**A RESOLUTION OF THE OVERSIGHT BOARD OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING THE LONG-RANGE PROPERTY MANAGEMENT PLAN PREPARED PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34191.5**

WHEREAS, the Imperial Beach Redevelopment Agency (“Redevelopment Agency”) was a redevelopment agency in the City of Imperial Beach (“City”), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) (“Redevelopment Law”); and

WHEREAS, the City Council has adopted redevelopment plans for Imperial Beach’s redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

WHEREAS, the Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

WHEREAS, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) (“AB 26”) was signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law and the California Health and Safety Code (“Health and Safety Code”), including adding Part 1.8 (commencing with Section 34161) (“Part 1.8”) and Part 1.85 (commencing with Section 34170) (“Part 1.85”) to Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to AB 26, as modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency, were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 (“Successor Agency”); and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the “Imperial Beach Redevelopment Agency Successor Agency,” the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, as part of the FY 2012-2013 State budget package, on June 27, 2012, the Legislature passed and the Governor signed Assembly Bill No. 1484 (“AB 1484”, Chapter 26, Statutes 2012). Although the primary purpose of AB 1484 is to make technical and substantive amendments to AB 26 based on issues that have arisen in the implementation of AB 26, AB 1484 imposes additional statutory provisions relating to the activities and obligations of successor agencies and to the wind down process of former redevelopment agencies, including the preparation of a Long-Range Property Management Plan (AB 26 as amended by AB 1484 is hereinafter referred to as the “Dissolution Act”); and

WHEREAS, Health and Safety Code Section 34179 of the Dissolution Act establishes a seven (7) member local entity with respect to each successor agency and such entity is titled the "oversight board." The oversight board has been established for the Successor Agency (hereinafter referred to as the "Oversight Board") and all seven (7) members have been appointed to the Oversight Board pursuant to Health and Safety Code Section 34179 of the Dissolution Act. The duties and responsibilities of the Oversight Board are primarily set forth in Health and Safety Code Sections 34179 through 34181 of the Dissolution Act; and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(b) of the Dissolution Act, once the California Department of Finance ("DOF") issues a Finding of Completion to the Successor Agency pursuant to Health and Safety Code Section 34179.7 of the Dissolution Act, the Successor Agency shall prepare a Long-Range Property Management Plan ("Plan") that addresses the disposition and use of certain real properties of the former Redevelopment Agency. The Plan shall be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34191.5(a) of the Dissolution Act, upon the issuance of the Finding of Completion to the Successor Agency, a Community Redevelopment Property Trust Fund ("Trust") will be established to serve as the repository of the former Redevelopment Agency's real properties identified in the Due Diligence Reviews ("DDR's") by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs.). The Trust shall be administered by the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34191.4(a) of the Dissolution Act, upon the approval of the Plan by the DOF, all real property and interests in real property identified in the DDRs by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs.) shall be transferred to the Trust, unless such a property is subject to the requirements of any existing enforceable obligation; and

WHEREAS, although the Dissolution Act requires that the Plan be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency, which the Successor Agency has yet to receive as of February 13, 2013, staff is processing the Plan for approval earlier than statutorily required in order to expedite, to whatever extent possible, the DOF's review and approval of the Plan, in an effort to move the development forward in connection with two real properties identified in the proposed Plan; and

WHEREAS, Health and Safety Code Section 34191.5(c) of the Dissolution Act requires that the Plan (i) include an inventory of all properties in the Trust, which inventory shall consist of specific information relating to each such property including, without limitation, the date of and purpose for acquisition, value of property, applicable zoning, any property revenues and contractual requirements for disposition of same, history of environmental issues and any related studies and remediation efforts, potential for transit-oriented development and advancement of planning objectives of the Successor Agency, and history of previous development proposals and activity; and (2) address the use or disposition of all properties in the Trust, including the retention of such property for governmental use pursuant to Health and Safety Code Section 34181(a) of the Dissolution Act, the retention of such property for future development, the sale of such property, or the use of such property to fulfill an enforceable obligation; and

WHEREAS, on February 6, 2013 by Resolution SA-13-22, the Successor Agency approved the Plan, in substantial form as attached to the Staff Report prepared for the

Oversight Board's consideration of this Agenda Item, and the Successor Agency authorized the submission of the approved Plan to the Oversight Board for its approval; and

WHEREAS, the Plan is now being submitted to the Oversight Board for review and approval in accordance with Health and Safety Code Section 34191.5(b) of the Dissolution Act; and

WHEREAS, the Plan includes three (3) real properties ("Properties") that were identified in the Non-Housing DDR by Health and Safety Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). These Properties are all located in the City of Imperial Beach, County of San Diego, State of California, and described as follows: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive. No real property assets were identified in the Housing DDR by Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR); and

WHEREAS, for each of the Properties, the Plan includes all of the information required by Health and Safety Code Section 34191.5(c) of the Dissolution Act. Further, pursuant to Health and Safety Code Section 34191.5(c)(2), the two Properties located on Palm Avenue are being held for the anticipated sale and development, and all three Properties are being retained for purposes of fulfilling an enforceable obligation, as more specifically described in the Plan; and

WHEREAS, as required by Health and Safety Code Section 34180(j) of the Dissolution Act, the Successor Agency has submitted a copy of the Plan to the San Diego County Administrative Officer, the San Diego County Auditor-Controller ("County Auditor-Controller"), and the DOF at the same time that the Successor Agency submitted the Plan to the Oversight Board for approval; and

WHEREAS, as required by Health and Safety Code Section 34179(f) of the Dissolution Act, all notices required by law for proposed actions of the Oversight Board shall be posted on the Successor Agency's internet website or the Oversight Board's internet website; and

WHEREAS, pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act, the Successor Agency is required to provide written notice and information about all actions taken by the Oversight Board, including the proposed approval of the Plan, to the DOF by electronic means and in the manner of the DOF's choosing; and

WHEREAS, pursuant to Health and Safety Code Section 34191.3 of the Dissolution Act, once the Plan is approved by the DOF pursuant to Health and Safety Code Section 34191.5(b) of the Dissolution Act, the Plan shall govern, and supersede all other provisions of the Dissolution Act relating to, the disposition and use of the Properties; and

WHEREAS, the activity proposed for approval by this Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

WHEREAS, the activity proposed for approval by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines. In this regard, the projects associated with the Properties identified in the Plan, along with their respective contractual agreements, have been reviewed and analyzed pursuant to CEQA and their required environmental documents have been prepared, circulated and approved/certified by

the appropriate lead agency; and

WHEREAS, all of the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency, as follows:

- Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.
- Section 2.** The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any constitutional, legal or equitable rights that the Successor Agency may have to challenge, through any administrative or judicial proceedings, the effectiveness and/or legality of all or any portion of AB 26 or AB 1484, any determinations rendered or actions or omissions to act by any public agency or government entity or division in the implementation of AB 26 or AB 1484, and any and all related legal and factual issue, and the Successor Agency expressly reserved any and all rights, privileges, and defenses available under law and equity.
- Section 3.** The Oversight Board hereby approves the Long-Range Property Management Plan ("Plan"), substantially in the form as attached to the Staff Report prepared for the Oversight Board's consideration of this Agenda Item.
- Section 4.** The Oversight Board hereby directs the Successor Agency to submit copies of the Plan approved by this Resolution as required under the Dissolution Act, in the method required, and in a manner to avoid a late submission. In this regard, the Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to: (i) submit the Plan, as approved by the Oversight Board, and written notice of the Oversight Board's approval of the Plan, to the DOF (electronically in PDF format) and the County Auditor-Controller; (ii) post a copy of the Plan, as approved by the Oversight Board, on the Successor Agency's internet website; and (iii) revise the Plan and make such changes and amendments as necessary, before official submittal of the Plan to the DOF, in order to complete the Plan in the manner provided by the DOF and to conform the Plan to the form or format as prescribed by the DOF.
- Section 5.** The Oversight Board hereby authorizes and directs the Executive Director, or designee, of the Successor Agency to take such other actions and execute such other documents as are necessary to effectuate the intent of this Resolution.
- Section 6.** The Oversight Board determines that the activity approved by this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines Section 15378, because the activity approved by this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per Section 15378(b)(5) of the Guidelines.

Section 7. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Agency declares that its Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 8. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED, AND ADOPTED by the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 13th day of February 2013, by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

JAMES C. JANNEY
CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, MMC
SECRETARY



LONG-RANGE PROPERTY MANAGEMENT PLAN CHECKLIST

Instructions: Please use this checklist as a guide to ensure you have completed all the required components of your Long-Range Property Management Plan. Upon completion of your Long-Range Property Management Plan, email a PDF version of this document and your plan to:

Redevelopment_Administration@dof.ca.gov

The subject line should state "[Agency Name] Long-Range Property Management Plan". The Department of Finance (Finance) will contact the requesting agency for any additional information that may be necessary during our review of your Long-Range Property Management Plan. Questions related to the Long-Range Property Management Plan process should be directed to (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

Pursuant to Health and Safety Code 34191.5, within six months after receiving a Finding of Completion from Finance, the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan that addresses the disposition and use of the real properties of the former redevelopment agency.

GENERAL INFORMATION:

Agency Name: **Imperial Beach Redevelopment Agency Successor Agency**

Date Finding of Completion Received: Pending

Date Oversight Board Approved LRPMP: February 13, 2013

Long-Range Property Management Plan Requirements

For each property the plan includes the date of acquisition, value of property at time of acquisition, and an estimate of the current value.

Yes No

For each property the plan includes the purpose for which the property was acquired.

Yes No

For each property the plan includes the parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

Yes No

For each property the plan includes an estimate of the current value of the parcel including, if available, any appraisal information.

Yes No

For each property the plan includes an estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

Yes No

For each property the plan includes the history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

Yes No

For each property the plan includes a description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

Yes No

For each property the plan includes a brief history of previous development proposals and activity, including the rental or lease of the property.

Yes No

For each property the plan identifies the use or disposition of the property, which could include 1) the retention of the property for governmental use, 2) the retention of the property for future development, 3) the sale of the property, or 4) the use of the property to fulfill an enforceable obligation.

Yes No

The plan separately identifies and list properties dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation.

Yes No

ADDITIONAL INFORMATION

- If applicable, please provide any additional pertinent information that we should be aware of during our review of your Long-Range Property Management Plan.

There are three (3) real properties ("Properties") previously owned by the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") that are included in the Long-Range Property Management Plan ("Plan") and that were identified in the Non-Housing Due Diligence Review by California Health and Safety Code ("H&S Code") Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR). These Properties are all currently owned by the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") and are located in the City of Imperial Beach, County of San Diego, State of California, and described as follows: (1) 741-849 Palm Avenue; (2) 735 Palm Avenue; and (3) 800 Seacoast Drive. No real property assets were identified in the Housing Due Diligence Review by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDR).

For each of the Properties, the Plan includes all of the information required by H&S Code Section 34191.5(c) of the Dissolution Act. Further, pursuant to H&S Code Section 34191.5(c)(2) of the Dissolution Act, the two Properties located on Palm Avenue are being held for anticipated sale and development pursuant to an agreement with a developer (these two Properties will be discussed jointly and together in the Plan and below as they relate to the same development project and are governed by the same agreement), the Property located on Seacoast Drive is being retained for current development pursuant to an agreement with a developer and a ground lease with a lessee, and all three Properties are being retained for purposes of fulfilling an enforceable obligation, as more specifically described in

the Plan. Pursuant to agreements with developers, all three Properties are anticipated to be sold upon the complete satisfaction of certain conditions precedent. These Properties and their respective development projects are discussed in detail in the Plan and are summarized as follows:

- 1. 9th & Palm Property at 741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06)** – These two Properties will be discussed jointly and together in the Plan and herein as they relate to the same development project and are governed by the same agreement. These Properties were the subject of an Exclusive Negotiation Agreement entered into by and between the former Redevelopment Agency and Sudberry Properties, Inc. on September 23, 2009 (and subsequently amended on March 17, 2010, January 4, 2011 and June 1, 2011) and are currently the subject of a Disposition and Development Agreement (DDA) entered into by and between the City of Imperial Beach (“City”) and Sudberry-Palm Avenue, LLC, a California limited liability company (“Developer”) on December 14, 2011, which DDA was specifically assigned to and assumed by the Successor Agency, as discussed below.

The DDA pertains to these two Properties and additional land to be vacated by the City, comprising approximately 4.75 acres located generally at the south side of Palm Avenue (State Route 75), between 7th Street and 9th Street, in the City of Imperial Beach, California, (collectively defined in the DDA as the “Site”). The DDA concerns the sale of the Site to the Developer and the Developer’s associated development of (i) a privately owned “town center” of new construction combining retail with commercial space in a pedestrian-friendly environment, consisting of approximately 46,200 square feet of building area in seven (7) buildings (designated in the DDA as Parcels “A” through “G”), surface parking consisting of approximately 238 parking stalls, landscaping, hardscaping, lighting, driveways, and related improvements (collectively defined in the DDA as the “Private Improvements”), and (ii) certain off-site public improvements, including without limitation intersection improvements at Delaware Avenue, Palm Avenue and State Route 75 and all associated improvements, curb, gutter, landscaping, traffic signal, alley and undergrounding improvements required for the Project, and any other Cal-Trans requirements (collectively defined in the DDA as the “Public Improvements”), (the Private Improvements and the Public Improvements are collectively defined in the DDA as the “Project”). The DDA further contemplates the City’s ownership of the Public Improvements to be constructed on and off the Site pursuant to the DDA.

On September 12, 2012, after the publication of notice in a newspaper at least ten (10) days prior to the action, in accordance with H&S Code Section 34181(f) of the Dissolution Act, the Oversight Board to the Successor Agency adopted Resolution No. OB-12-10 approving, among other actions, (i) the terms of the DDA between the City and Developer, (ii) the sale and conveyance of the Property to Developer pursuant to the terms of the DDA for development of the Project; (iii) the City’s ownership of the public improvements constructed as part of the Project; and (iv) the Successor Agency’s retention of the residual proceeds received from the sale of the Property to Developer for the Successor Agency’s use in winding down the affairs of the former Redevelopment Agency pursuant to H&S Code Section 34177(e) of the Dissolution Act. In addition, the Oversight Board authorized and directed the Executive Director of the Successor Agency, or his or her designee, and the City Manager, or his or her designee, to take all actions and sign any and all documents necessary to implement and effectuate the DDA and the actions approved by Resolution No. OB-12-10 including, without limitation, approving extensions of deadlines set forth in the DDA and the Schedule of Performance as determined necessary by the City Manager, or his or her designee, under the DDA, approving amendments to the DDA and its Attachments as determined necessary by the City Manager, or his or her designee, to effectuate the DDA, executing documents on behalf of the Successor Agency and City (including, without limitation, grant deeds and quitclaim deeds), and administering the Successor Agency’s and City’s obligations, responsibilities and duties to be performed pursuant to such Resolution.

Successor Agency staff then properly submitted notice of the Oversight Board’s adoption of Resolution No. OB-12-10 and associated approvals in connection with the DDA to the DOF, the County of San Diego and other agencies. The DOF never requested review of the Oversight Board’s adoption of Resolution No. OB-12-10 and associated approvals in connection with the DDA within the statutory review period provided under H&S Code Section 34179(h) of the Dissolution Act. Therefore, in

accordance with Health and Safety Code Section 34179(h) of the Dissolution Act, the Oversight Board approvals set forth in Resolution No. OB-12-10 are considered effective. Additionally, H&S Code Section 34181(f) of the Dissolution Act, in connection with the Oversight Board actions pertaining to the Property and asset dispositions, states that Oversight Board actions are subject to review by the DOF pursuant to H&S Code Section 34179 except that the DOF may extend its review period from forty (40) days by up to sixty (60) days, and that if the DOF does not object such actions, and if no action challenging that action is commenced within sixty (60) days of the approval of the actions by the Oversight Board, then the actions of the Oversight Board shall be considered final and "can be relied upon as conclusive by any person." The DOF never requested review of the Oversight Board actions taken pursuant to Resolution No. OB-12-10 within the statutory review period and no action challenging such Oversight Board actions was commenced within 60 days of September 12, 2012, the date of the Oversight Board's approval of Resolution No. OB-12-10 in connection with the DDA. Therefore, in accordance with H&S Code Section 34181(f) of the Dissolution Act, the Oversight Board approvals set forth in Resolution No. OB-12-10 are considered final and can be relied on as conclusive by any person.

As permitted by Resolution No. OB-12-10, on December 5, 2012, the City took actions approving an extension of various dates and deadlines in the DDA, as determined necessary by the City Manager, and the City and Successor Agency took actions approving the transfer of the subject property from the City to the Successor Agency by Quitclaim Deed and approving execution of an Assignment and Assumption Agreement of the terms of the DDA to the Successor Agency. On January 17, 2013, a Quitclaim Deed was recorded transferring title of the property from the City to the Successor Agency. The DDA constitutes an enforceable obligation of the Successor Agency pursuant to the Dissolution Act.

2. Seacoast Inn Property at 800 Seacoast Drive (APN 625-262-02) – This Property is the subject of a Disposition and Development Agreement (DDA) entered into by and between the former Redevelopment Agency and Imperial Coast, L.P., a California limited partnership ("Developer"), on December 16, 2010. The DDA constitutes an enforceable obligation of the former Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act. The DDA provides for the acquisition of fee title of the Property by the Redevelopment Agency from the Developer, the payment by the Redevelopment Agency to the Developer for the cost of certain off-site Public Improvements and Plans, the ground leasing of the Property from the Redevelopment Agency to the Developer or its assignee Seacoast Inn, L.P., a California limited partnership ("Tenant", "Lessee", and "Assignee") for the Developer's or Assignee's development of a full-service beachfront hotel and appurtenant parking facilities ("Hotel"), and the grant of an option to the Developer or its Assignee to purchase back fee title of the Property from the Redevelopment Agency upon the complete satisfaction of certain performance standards by the Developer or its Assignee, in accordance with the terms of the DDA. As of this date, the project provided for under the DDA is nearing completion of construction. The Property is owned by the Successor Agency and ground leased to Developer's Assignee, Seacoast Inn, L.P., a California limited partnership, for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease entered into by and between the Former Redevelopment Agency and Seacoast Inn, L.P.. Additionally, Assignee, Seacoast Inn, L.P. has the option to purchase the property back from the Successor Agency for one dollar (\$1.00) after certain conditions precedent are met. The Assignee, Seacoast Inn, L.P.'s right to exercise the option to purchase the Property is conditioned upon the following events:

- Commencing upon completion of the project until on or before Operating Year 10, the City of Imperial Beach's receipt of transient occupancy taxes ("TOT") from the operation of the Hotel on the Property, in the amount of at least THREE MILLION TWO HUNDRED TWO THOUSAND DOLLARS AND NO CENTS (\$3,202,000); and
- Commencing upon completion of the project and after Operating Year 10, the City of Imperial Beach's receipt of TOT from the operation of the Hotel on the Property, in the amount of at least TWO MILLION THREE HUNDRED FIFTY-ONE THOUSAND DOLLARS AND NO CENTS (\$2,351,000).

It should be noted that the receipt of TOT was not intended to benefit then and would not benefit now either the former Redevelopment Agency or the Successor Agency. Other than the total amount of lease revenue (a maximum of \$55.00) and the total amount of sale proceeds received upon the Developer's Assignee exercising its option to purchase the Property (a total of \$1.00), there is no direct financial benefit to the Successor Agency expected through the Successor Agency's ownership and disposition of this Property.

In addition to the above Properties, the former Redevelopment Agency previously held title to real property located at 776 10th Street (Assessor Parcel Number 626-282-12 and commonly referred to as the 10th & Donax site). This property was acquired in May 2008 by the former Redevelopment Agency with Low and Moderate Income Housing Funds for the development of affordable housing pursuant to the California Community Redevelopment Law ("CRL"). After the former Redevelopment Agency purchased this property, the structure existing on the property was demolished and cleared by the former Redevelopment Agency to prepare the site for future development of affordable housing. Pursuant to H&S Code Section 34176(e) of the Dissolution Act, this property constitutes a "housing Asset" and, therefore, title and ownership of this property was transferred to the Imperial Beach Housing Authority ("Housing Authority"), which entity serves as the Successor Housing Entity of the former Redevelopment Agency pursuant to H&S Code Sections 34176(b) and 34176(c) of the Dissolution Act. As required by H&S Code Section 34176(a)(2) of the Dissolution Act, on July 31, 2012, the Successor Agency staff provided to the DOF for review the list of housing asset transfers ("HAT List") that included, among other "housing assets", the 10th & Donax site as property being held by the Housing Authority as the Successor Housing Entity. On August 30, 2012, the DOF issued a letter to the Successor Agency specifically stating that, except for the items to which the DOF objected (which related to Housing Bond Proceeds only), the DOF "is not objecting to the remaining items, if any, listed on your Form." Therefore, the 10th & Donax site is properly held by the Housing Authority for the development of affordable housing. As such, the 10th & Donax site is (i) not identified in the DDRs by H&S Code Section 34179.5(c)(5)(C) of the Dissolution Act (i.e. Procedure 7 of the DDRs), although it is referenced in Procedure 3 of the Housing DDR as a "housing asset" pursuant to H&S Code Section 34176(e)(1) of the Dissolution Act transferred to the Housing Authority, and (ii) is not included in the Plan.

Agency Contact Information

Name:	Gregory Wade	Name:	
Title:	Deputy Director	Title:	
Phone:	619-628-1354	Phone:	
Email:	gwade@cityofib.org	Email:	
Date:		Date:	

Department of Finance Local Government Unit Use Only

DETERMINATION ON LRPMP: APPROVED DENIED

APPROVED/DENIED BY: _____ DATE: _____

APPROVAL OR DENIAL LETTER PROVIDED: YES DATE AGENCY NOTIFIED: _____

**IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY
LONG RANGE PROPERTY MANAGEMENT PLAN
AS REQUIRED BY HEALTH & SAFETY CODE SECTION 34191.5(b)**

**9th and Palm Property
741-849 Palm Avenue and 735 Palm Avenue (APN 626-250-03, 04, 05 and 06)**

- Purpose:** To address the disposition and use of real properties of the former redevelopment agency
- Due:** No later than six (6) months following the issuance to the successor agency of the Finding of Completion
- Contents:** The Long Range Property Management Plan shall include an inventory of all properties in the trust. The inventory shall consist of all of the following information:
- 1) The date of the acquisition of the property and the value of the property at that time and an estimate of the current value of the property
 - 2) The purpose for which the property was acquired
 - 3) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan
 - 4) An estimate of the current value of the parcel including, if available, any appraisal information
 - 5) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds
 - 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
 - 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
 - 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

- A. If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county
- B. If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph A (above), the proceeds from the sale shall be distributed as property tax to the taxing entities

- C. Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance

Property: 9th & Palm Property

Dates of Acquisition: February 11, 2009 (741-849 Palm Avenue)
February 13, 2009 (735 Palm Avenue)

Value at Acquisition: \$9,679,454 (741-849 Palm Avenue)
\$1,608,827 (735 Palm Avenue)

Estimate of Current Value: "Nominal Value" (see attached appraisal dated July 10, 2012)

Purpose of Acquisition: To facilitate/effectuate redevelopment and economic development of the property and surrounding area

Parcel Data:

Property Address: 735-849 Palm Avenue, Imperial Beach, CA 91932

Assessor Parcel No. 626-250-03, 04, 05, 06

Lot Size: 207,000 square feet (4.75 acres, inclusive of public rights-of-way)
170,320 square feet (3.91 acres, exclusive of public rights-of-way)

Current Zoning: C-1 General Commercial (C/MU-1 per recent Zoning Amendment) Zone per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210 and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project.

Estimate of Current Value: "Nominal Value" (see attached appraisal)

Appraisal Date: July 10, 2012

Estimated Revenues: Pursuant to the approved DDA, the Site will be sold to the Developer for the Project, as defined in the DDA. Pursuant to Section 201 of the DDA, the "Purchase Price" (the monetary consideration payable by Developer to the Successor Agency) for the Site includes the following two components: (a) the payment of the sum of \$1.00, in cash, at the Close of Escrow; and (b) payment of the Participation Component in accordance with the Payment Agreement, consisting of 1.5% of the gross sales price from the first arm's-length sale of each portion of the Site by the Developer in any number of transactions over any period of time, if any, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer conveys these parcels for development by an end user in accordance with the terms of the DDA. However, except as otherwise exempted from the Participation Component, if the Developer constructs the Vertical Improvements on Parcel F, and subsequently sells Parcel F, the gross sales price from such sale shall be subject to the 1.5 % Participation Component.

Environmental Contamination History:

Studies Conducted: October 22, 1991 & March 16, 2009 – Asbestos Surveys (735 Palm Avenue)
September 10, 2007 – Asbestos and Lead Survey conducted
April 3, 2009 – Phase I and Phase II Site & Subsurface Site Assessments
March 10, 2011 – Hazardous Building Materials Survey (741-849 Palm Avenue)

Remediation: June 2009 – Asbestos abated prior to demolition (735 Palm Avenue)
October 21, 2010 – Underground Storage Tank removed
December 1, 2011 – Asbestos abated prior to demolition (741-849 Palm Avenue)

Brownfield Status: N/A

Transit-Oriented Development Potential: The project Site is located along a Mixed Use Transit Corridor as designated by the San Diego Regional Association of Governments (SANDAG) in their Smart Growth Concept Map. The Palm Avenue/State Route 75 corridor is the major transit corridor within the City of Imperial Beach providing access to many transit modes including buses, bicycles and automobiles. This corridor has several bus stops along the Palm Avenue/State Route 75 transit corridor including one bus stop within 100 feet and two within 300 feet of the project Site. Although there is no residential component to the proposed development, there is residential directly south of the project Site, making the overall development proposal and its surrounding area transit-oriented development.

Planning Objectives of the Successor Agency: The planning objectives for this property are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project, including Amendment No. 1 to this Redevelopment Plan. The zoning, General Plan and Redevelopment Plan designation for this area is C-1 General Commercial. The General Commercial land use designation provides for land to meet the local demand for commercial goods and services, as opposed to the goods and services required primarily by the tourist population. It is intended that the dominant type of commercial activity in this designation will be community and neighborhood serving retail and office uses such as markets, specialty stores, professional offices, personal services, department stores, restaurants, liquor stores, hardware stores, etc. The proposed use of the Project Site conforms in every respect with this land use designation. The Successor Agency, therefore, is seeking to develop the property in compliance with the planning objectives of these applicable land use plans. Additionally, both the Economic Development Plan and the Five Year Implementation Plan adopted by the former Redevelopment Agency and now administered by the Successor Agency contain specific goals to facilitate redevelopment of the Project Site and to develop such large commercial properties along Palm Avenue to stimulate further improvements and economic development in the area.

Development Proposal History:

- December 2004 - The City Council of the City of Imperial Beach ("City") authorized the Former Redevelopment Agency ("Former Agency") to issue a "Statement of Interest and/or Development Proposals" ("RFP") to property owners, tenants, and businesses located on the south side of Palm Avenue, between 7th and 9th streets.
- October 2005 – Lennar and D.R. Horton presented development proposals to the Former Agency for consideration. D.R. Horton was selected by the Former Agency as the preferred developer.
- December 2005 – D.R. Horton presented their development proposal to the City, Former Agency, and the community.
- January 12, 2006 – Staff and D.R. Horton presented their development proposal and recommended to the Former Agency that staff be authorized to negotiate an Exclusive Negotiation Agreement ("ENA") with D.R. Horton. The Former Agency authorized staff to negotiate an ENA with D.R. Horton.

- February 15, 2006 – Staff presented the Draft ENA with D.R. Horton to the Former Agency and provided an update on the community meeting held to discuss the proposed project.
- March 22, 2006 – The Former Agency entered into an ENA with D.R. Horton for a Mixed-Use development consisting of approximately 70,000 square feet of retail and 203 market-rate condominiums on the Property.
- November 16, 2006 – Due to the economic downturn/recession, D.R. Horton withdrew from all new development proposals nation-wide and, therefore, allowed the term of the ENA to expire.
- April 18, 2007 – The Former Agency authorized staff to issue a “Request for Qualifications/Proposals for Real Estate Development in Imperial Beach” for the subject Property.
- July 2007 – The Former Agency received two responses to the Former Agency’s Request for Qualifications/Proposals for Real Estate Development in Imperial Beach. The Imperial Beach Gateway by Sterling Development Corporation and Dan Malcolm of Lee & Associates (“Sterling”) and “The Shops at Palm Avenue” represented by Arnel Hopkins.
- February 2007 – The Former Agency authorized staff to enter into an ENA with Arnel Hopkins.
- March 2008 – Arnel Hopkins withdrew from the project.
- April 2008 – The Former Agency directed staff to negotiate an ENA with the Imperial Beach Gateway team but, after several months of discussions, staff was unable reach an agreement with the developer.
- December 2008 – The Former Agency authorized staff to negotiate Purchase and Sale Agreements for the North Island Credit Union and Miracle Shopping Center properties which comprised most of the project Site.
- January 2009 – A Request for Proposals was issued for Relocation Assistance Services for the 9th & Palm Redevelopment Project (the “Project”).
- February 4, 2009 – The Former Agency entered into an agreement with Epic Land Solutions, Inc. for relocation services to relocate existing tenants at the Miracle Shopping Center.
- February 11, 2009 – The Former Agency completed the purchase of the Miracle Shopping Center.
- February 13, 2009 – The Former Agency completed the purchase of the North Island Credit Union property.
- February 18, 2009 – The Former Agency authorized the issuance of another Request for Qualifications/Proposals for the Project Site.
- June 17, 2009 – The Former Agency approved relocation plan for the relocation of existing tenants from the Project Site.
- June 2009 – Epic Land Solutions and staff initiated relocation of the existing tenants from the Project Site.
- July 15, 2009 – The Former Agency authorized staff to negotiate an ENA with Sudberry Development Inc. (“Sudberry”) for redevelopment of the Project Site.

- September 2, 2009 – The Former Agency entered into an ENA with Sudberry.
- March 17, 2010 – The ENA with Sudberry was amended by “Letter Agreement” entered into by the Former Agency and Sudberry.
- January 4, 2011 – A First Amendment to the ENA was executed.
- June 1, 2011 – A Second Amendment to the ENA was executed.
- October 2011 – The demolition of the Miracle Shopping Center on the Project Site was initiated.
- December 14, 2011 – The City entered into a Disposition and Development Agreement (the “DDA”) with Sudberry-Palm Avenue LLC (“Developer”) for redevelopment of the Project Site. The City owned the Property at that time of the parties’ execution of the DDA. However, the Property was subsequently transferred to the Successor Agency which is the current owner of the subject Property.
- May 2012 – The Notice of Completion was recorded for the demolition of the Miracle Shopping Center.
- August 15, 2012 – The Imperial Beach Redevelopment Agency Successor Agency (the “Successor Agency”) adopted Resolution No. SA-12-15 approving, among other actions, the terms of the DDA between the City and the Developer and authorized the transfer of real property to the Developer. The City authorized, among other actions, the transfer of any residual proceeds received from the sale of the Property to the Successor Agency.
- September 12, 2012 – the Successor Agency’s Oversight Board (the “Oversight Board”) approved Resolution No. OB-12-10 approving, among other actions, the terms of the DDA between the City and the Developer, authorizing the sale and conveyance of the Property to the Developer pursuant to the terms of the DDA for development of the Project, authorizing the City’s retention and ownership of certain public improvements constructed as part of the Project and approving the City’s transfer to the Successor Agency of the residual proceeds received from the sale of the Property to the Developer for the Successor Agency’s use and distribution for approved development projects or to otherwise wind down the affairs of the Former Agency pursuant to Health and Safety Code Section 34177(e) of the Dissolution Act.
- September 12, 2012 – the Successor Agency notified the State Department of Finance (the “DOF”) of the actions taken by the Oversight Board and forwarded a copy of Resolution No. OB-12-10 approving the terms of the DDA, and other actions, as noted above and pursuant to Health and Safety Code Sections 34177(e), 34177(h), 34181(a) and 34181(e) of the Dissolution Act. Receipt of this notification was electronically verified by the DOF.
- September 20, 2012 – The approvals and actions taken by the Oversight Board set forth in Resolution No. OB-12-10 are deemed effective pursuant to the Dissolution Act. Pursuant to Health and Safety Code Section 34179(h) of the Dissolution Act, the DOF had five (5) business days within which to request review of the actions taken by the Oversight Board. No review was requested by the DOF.
- November 12, 2012 – The approvals and actions taken by the Oversight Board set forth in Resolution No. OB-12-10 are deemed final and conclusive pursuant to the Dissolution Act. Pursuant to Health and Safety Code Section 34181(f), the DOF’s review period for actions relating to disposition of assets and properties of the Former Agency may be extended from 40 to 60 days. Further, Section 34181(f) provides that if the DOF does not object to Oversight Board actions, and if no action challenging such

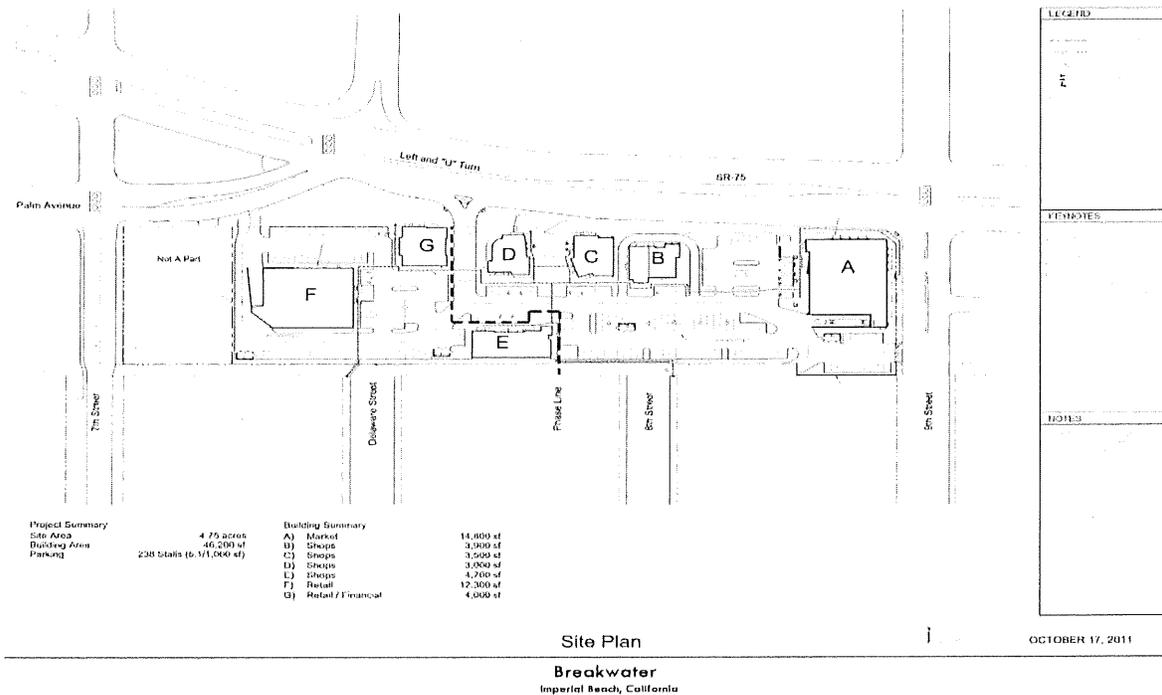
actions is commenced, with sixty (60) days of the Oversight Board actions and approval, then the actions and approvals of the Oversight Board are considered final and “can be relied upon as conclusive by any person.” The DOF did not request review and no actions challenging the approvals and actions taken by the Oversight Board pursuant to Resolution No. OB-12-10 was commenced within sixty (60) days after September 12, 2012.

- December 5, 2012 – As permitted by Resolution No. OB-12-10, on December 5, 2012, the City took actions approving an extension of various dates and deadlines in the DDA, as determined necessary by the City Manager, and the City and Successor Agency took actions approving the transfer of the subject property from the City to the Successor Agency by Quitclaim Deed and approving execution of an Assignment and Assumption Agreement of the terms of the DDA to the Successor Agency. On January 17, 2013, a Quitclaim Deed was recorded transferring title of the property from the City to the Successor Agency. The DDA constitutes an enforceable obligation of the Successor Agency pursuant to the Dissolution Act.
- January 17, 2013 – Quitclaim Deed recorded transferring title of the Property from the City to the Successor Agency.

Use or Disposition of the Property: The Property is the subject of the DDA, a third party agreement between the Successor Agency and Sudberry-Palm Avenue LLC. The terms of the DDA have been approved by the Successor Agency and by the Oversight Board. Pursuant to Health and Safety Code Sections 34179(h) and 34181(f) of the Dissolution Act, such approvals are considered effective, final and conclusive. Therefore, the retention, sale and use of this Property pursuant to the terms of the DDA for future development will fulfill an enforceable obligation.

The Property is located within the geographical area of the Palm Avenue/Commercial Redevelopment Project (“Project Area”). The Project complies with and furthers the goals and objectives of the Redevelopment Plan for the Project Area approved and adopted by the City Council of the City on February 6, 1996 by Ordinance No. 96-901, as subsequently amended (“Redevelopment Plan”) and the Project also furthers municipal and other public purposes.

The Property consists of two separate components, designated in the DDA as "Property 1" (Parcels A, B, C & D) and "Property 2" (Parcels E, F, & G) which are illustrated as follows:



Terms of the DDA:

The terms and conditions of the DDA anticipate that the entire Property would be conveyed by the Successor Agency to the Developer at one time. The DDA also expects but does not require that the Property will be developed in two phases, each with separate and distinct conditions precedent to closing and the associated release of certain interests and rights of the Successor Agency. Phase 1 of the Project would include development of Property 1 (Parcels A, B, C and D) and consist of the following (capitalized terms are as defined in the DDA):

- The construction of the Public Improvements (except the Undergrounding Utilities, Alley Improvements and new traffic signal that are deferred until Phase 2);
- The construction of all Horizontal Improvements Site on Property 1;
- The construction of all Building Pads and related improvements on Property 1; and
- The construction of the Vertical Improvements to be constructed on Property 1, with related on-site utilities, improvements, landscaping, lighting, parking and driveways.

Phase 2 of the Project would include development of Property 2 (Parcels E, F, and G) and would consist of the following:

- The construction of any of the Public Improvements deferred by Developer until Phase 2;
- The construction of any remaining Horizontal Improvements on Property 2; and
- The preparation of Building Pads and related improvements on Parcels E, F and G and the buildings on Parcel E (if the Developer elects to construct the building on Parcel E), Parcel G (if the Developer elects

to construct the building on Parcel G) and Parcel F (if the Developer elects to construct the building on Parcel F – it being acknowledged that such building may be constructed either by the Developer or the Approved Parcel F Assignee) and related on-site utilities, improvements, landscaping, lighting, parking and driveways.

It should be noted, however, that the Developer has indicated a desire to proceed with development of the Property in one complete phase and that nothing in the DDA would prohibit this from occurring.

Pursuant to Health and Safety Code Section 33433 of the California Community Redevelopment Law, Keyser Marston and Associates (KMA) prepared a Summary Report dated November 2011 for the conveyance of the Property under the terms of the DDA. The Summary Report determined and the DDA acknowledges that the public funds of the Former Agency expended by the Successor Agency to acquire the Property, relocate its former tenants and demolish the existing structures, exceed the Purchase Price to be paid by the Developer for the Property (note, however, that the current appraisal of the Property estimates a nominal value). The difference between the Purchase Price and funds expended, together with the funds allocated for construction of the Public Improvements associated with the Project, constitutes a "Public Agency Subsidy". The Public Agency Subsidy is in consideration for the following:

- The construction by the Developer and/or its Assignees of an approximately 46,200-square-foot retail/commercial center on the Property in accordance with the DDA and permits issued by the City;
- The Developer's satisfactory construction of the Public Improvements as detailed below; and
- The Developer's and/or Assignee's maintenance and operation of the Project in accordance with the Grant Deeds for the Property and the Agreements Containing Covenants to be recorded concurrently with the conveyance of the Property to the Developer.

The following are the essential terms of the DDA:

- The Successor Agency will sell the Property to the Developer for \$1.00 and the Developer will construct a 46,200-square-foot, privately-owned retail center containing 7 retail/commercial buildings, and public improvements, including intersection improvements at Delaware, Palm and State Route 75 and other improvements (public improvements to be paid for by the Successor Agency with approximately \$2.2 million of Former Agency tax-exempt bond funds and approved on the Successor Agency's First ROPS).
- As a component of the Purchase Price for the Property, the Successor Agency will receive 1.5% of the gross sales price from the first arm's-length sale of each portion of the Property by the Developer (defined in the DDA as the Participation Component), in any number of transactions over any period of time, if any, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer conveys these parcels for development by an end user in accordance with the terms of the DDA. However, except as otherwise exempted from the Participation Component, if the Developer constructs the Vertical Improvements on Parcel F, and subsequently sells Parcel F, the gross sales price from such sale shall be subject to the 1.5 % Participation Component.
- The Developer has 28 months from execution of the DDA to satisfy the Phase 1 conditions, the Close of Escrow and start of construction. The Developer has 33 months from the conveyance date to complete the construction of Phase 1. The Successor Agency's "right of reverter" in connection with the Property is exercisable as to any uncompleted Parcels if the Successor Agency terminates DDA for uncured default after Close of Escrow but before completion of construction.
- The Developer will assign its rights under the DDA for Parcel A to an end user who will be required to construct and open an approximately 14,800-square-foot grocery or supermarket, in accordance with all DDA requirements.

- The Successor Agency will have an option to re-purchase Parcels E, F and G for \$1.00 if the Phase 2 Closing does not occur within 51 months of the Effective Date of the DDA. The Successor Agency will remove the Option Agreement secured by Parcels E, F and G when the Developer meets all conditions precedent to the start of Phase 2. Specifically, prior to the Phase 2 Closing, the Developer will submit to the Successor Agency evidence of binding commitments from the Parcel F Assignee for the construction and operation of a 5,000- to 15,000-SF retail store, if applicable, and commitments from tenants to lease space in Parcels E and G, if any.
- Subject to the conditions precedent set forth in Section 219.e. of the DDA, the Successor Agency agreed to pay to or for the benefit of, or reimburse, the Developer for the cost of designing, permitting, constructing and installing certain Public Improvements described in Section 219.c. of the DDA (and summarized below), not to exceed the amount of \$2.2 million. Please note that the funds used to pay for the Public Improvements are 2010 Former Agency tax-exempt bond proceeds and that the expenditure of these proceeds toward the Project were included for this purpose in the First Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2012 to June 30, 2012 which was approved by the Successor Agency and the Oversight Board and not disputed by the Department of Finance. Additionally, the Official Statement and the Certificate Regarding Use of Proceeds in connection with the bond issuance specifically identify "Palm Avenue Corridor Improvements" as one of the projects to be carried out with the bond proceeds. Therefore, use of the bond proceeds for the purposes of constructing the Public Improvements is consistent with the bond issuance documents including, without limitation, furthering the bond covenants and also preserves the tax-exempt status of the bonds.

Public Improvements to be Constructed Pursuant to the DDA

The Public Improvements associated with the Project consist of the design, permitting, construction and installation of the work reflected on the construction drawings for the Public Improvements, including without limitation, the following:

- (a) The intersection improvements at Delaware, Palm Avenue/State Route 75 (defined in the DDA as the "Highway 75 Access Improvements") including, without limitation, the following:
 - Removal of existing median and pavement between Palm Avenue/State Route 75 and the Property entrance;
 - Removal of existing curb/gutter, median and pavement along the southern side of Palm Avenue/State Route 75, between 7th Street and State Route 75;
 - Construction of new curb/gutter, pavement and median on Palm Avenue/State Route 75 between 7th Street and State Route 75;
 - Installation of landscaping and irrigation and storm water treatment "garden";
 - Installation of new street lights; and
 - Any other Cal-Trans requirements relating to the foregoing public improvements.
- (b) Moving of traffic signals and interconnection of traffic signals and construction of curbs, gutters, sidewalks and landscaping on Palm Avenue and 9th Street;
- (c) All existing and proposed utilities within the boundary of the Property, or within any public right-of-way abutting the boundary shall be placed underground (conversion) to the reasonable satisfaction of the City Engineer. The Developer is responsible for complying with the requirements of and making such arrangements with each serving and impacted utility company for the conversion or additional installation of such facilities (defined in the DDA as the "Underground Utilities");

- (d) Removal and replacement of the concrete alley at the south end of the Property to the reasonable satisfaction of the City Engineer, including the adjustment to grade and/or replacement of all utility covers in such alley. The concrete section shall be designed to support the imposed load of fire apparatus to withstand a minimum 95,000 pound vehicle load (defined in the DDA as the "Alley Improvements"); and
- (e) The existing traffic signal pole signaling left turns from Westbound Silver Strand Boulevard to Palm Avenue shall be removed and replaced to the reasonable satisfaction of the City Engineer (defined in the DDA as the "New Traffic Signal").

The Public Improvements funded pursuant to the DDA and constructed as part of the Project will be publicly-owned by the City when completed. Because of the nature of these Public Improvements, the City is the most appropriate public jurisdiction to own these Public Improvements. The Public Improvements, once completed, will benefit the Project Area by helping to eliminate blight and by serving as a catalyst by providing an incentive for future private development and investment, thereby contributing to the removal of economic blight. Further, the Public Improvements, once completed, will enhance the public right-of-way and replace public improvements that are currently inadequate or non-existent, and will provide improved pedestrian access to public and private properties.

FISCAL IMPACTS/ECONOMIC BENEFITS:

Financial/Re-Use Analysis and Purchase Price

Acquisition of the Property was completed in February 2009 and was purchased with a combination of Former Agency and City funds. At the time of approval of the DDA, the City Council of the City was required to make the finding, pursuant to the California Community Redevelopment Law, that the price to be paid for the Property by the Developer would not be less than either of the following:

- (1) the fair market value at highest and best use under the Redevelopment Plan, or
- (2) the fair re-use value, taking into account the uses, covenants, conditions, and development costs required by the DDA.

The Summary Report prepared by KMA, determined that finding (2) could be made. Specifically, the estimated compensation of \$1 for the sale of the Property and the fair re-use value of the Property was determined to be *negative* \$50,000. The Summary Report provided further justification for the Former Agency's financial participation in the Project. The compensation to the Successor Agency is lower than the fair market value at its highest and best use for the following reasons:

- The DDA imposes a covenant on the use of the Property so that it can only be used for the development and operation of a retail center, generally consistent with the information submitted as part of the Developer's proposal to the Former Agency and the City.
- The DDA imposes a covenant on the use of Parcel A for the construction and operation of a neighborhood market, and requires that it must be opened and operated for at least one day.
- The DDA imposes the obligation on the Developer and its contractors to comply with applicable governmental requirements, including (to the extent applicable) the payment of State prevailing wages during construction.
- The Developer is required by the DDA to develop a first class, signature commercial/retail development that incorporates high quality features. Moreover, the Developer is required by the DDA to adhere to the Schedule of Performance, notwithstanding current market and financing conditions for new commercial/retail development.

- The DDA includes an Option Agreement that enables the Successor Agency the right to take back Parcels E, F and G if the Developer fails to meet the conditions precedent to start Phase 2 of the Project. As a result, the Developer will be unable to obtain financing secured by Property 2 until these conditions have been met.
- The DDA imposes, as part of the Purchase Price, the obligation on the Developer to pay to the Successor Agency 1.5% of the gross sales price from the first arm's length sale of each portion of the Property by the Developer, excluding the sale of Parcel A and Parcel F upon certain conditions including, without limitation, if the Developer assigns these parcels to another entity pursuant to the terms of the DDA.

Recently, an appraisal of the Property was conducted on behalf of the Successor Agency. The results of the appraisal, dated July 10, 2012, took into consideration the approved entitlements for the Property, the physical constraints of the Property and the conditions upon which the City or Successor Agency would approve any future development of the Property. Given this information, the Property was determined to have "nominal value". That is, due to the significant required on- and off- Site improvement costs necessary to prepare the Property for development, together with the costs necessary to provide adequate access to the Property, the costs would exceed the Property's potential value. A copy of the appraisal dated July 10, 2012 is attached to this Plan. As such, development of the Property pursuant to the terms of the DDA would benefit not only the Successor Agency and the City, but also the State and other affected taxing entities as further detailed below, and is the best viable option for long-term economic benefit to all taxing entities.

Further, as indicated in the appraisal, San Diego County's retail market is still experiencing the impact of the market recession although a few projects are moving forward, and retail and office rents remain soft. Additionally, as indicated in the appraisal, experts have agreed that San Diego County's office market will likely continue at a slow pace over the next few years as recovery from the recession occurs. Therefore, it is a tremendous benefit to the State and other affected taxing entities, including the City, to have available for immediate development the currently vacant Property into the economically productive Project as described in the DDA.

In order to assess the economic benefit of the Project as described in the DDA that the State and other affected taxing entities, including the City, would derive from the development of the Project on the Property in accordance with terms of the DDA, KMA carried out a detailed analysis of the Project. The analysis resulted in the following tax projections:

The Developer Proceeds with Approved Development Under DDA

	State of California	County of San Diego	City of Imperial Beach	TransNet	K-14 School Districts	Total
Annual Sales Tax	\$700,000	-	\$112,000	\$56,000	-	\$868,000
Annual Property Tax	-	\$32,000	\$26,000	-	\$63,000	\$121,000
Total Annual Sales & Property Tax	\$700,000	\$32,000	\$138,000	\$56,000	\$63,000	\$989,000

It should be noted that the above table includes only the largest affected taxing entities and does not include those receiving less than 0.50% of the 1.0% property tax. According to the KMA analysis, if the Project is developed on the Property by the Developer under the terms of the DDA, the Project would have an overall assessed value of approximately \$12,290,000 and would generate estimated annual taxable sales of approximately \$11,196,000. This, in turn, would generate annual property tax of approximately \$121,000, with more than 50% (\$63,000) going to the South Bay Union, Sweetwater Union and Southwestern Community

College districts and would generate approximately \$868,000 of annual sales tax, with over 80% (\$700,000) going to the State of California.

Beyond the direct economic benefits of the Project, KMA also analyzed the potential impacts to employment if the Project is constructed on the Property under the terms of the DDA. Based upon this analysis, it is estimated that the development of the Project on the Property would create both short-term construction and long-term permanent employment opportunities as follows:

	The Developer Proceeds with New Development	
	Direct Impacts of Construction	Total Impact of Construction Including Direct, Indirect and Induced Impacts
Economic Impacts of Construction:		
Economic Output	\$12.5 million	\$17.0 million
Payroll	\$3.9 million	\$5.3 million
Employment (during one year construction period)	68 workers	98 workers
Permanent Employment:		
Project Description	46,200 square feet of development	
Employment @	3.00 jobs/1,000 square feet	
Total Permanent Jobs (FTEs)	139 jobs	

A more detailed description and analysis of these employment impacts are attached. Generally speaking, the analysis provided by KMA determined that, assuming a one-year construction period, the development of the Project on the Property under the terms of the DDA would generate approximately 68 construction jobs with another 30 construction-related positions for a total of 98 short-term jobs during construction. The analysis further determined that development of the Project on the Property under the terms of the DDA, consisting of 46,200 square feet of commercial/retail development, would yield approximately 139 full-time jobs. It is also important to note that these employment impacts would create additional economic benefits to both the State and Federal governments in the form of income and other taxes. Additional analysis by KMA estimates the resulting State Income Tax generation during construction of the Project as follows:

Estimate of State Income Tax From Construction Employment

	Direct Construction	Indirect Construction	Total
Average Annual Construction Employment (person years)	56	12	68
Average Pay	\$52,000	\$83,000	
Total Income Tax Rate	\$2,910,000	\$968,000	\$3,878,000
California Income Tax Rate	9.3%	9.3%	9.3%
Number of Years to Construct	1.0 Year	1.0 Year	1.0 Year
Total State Income Tax During Construction Period	\$271,000	\$90,000	\$361,000

Additionally, beyond these economic benefits, at today's rates, the Project would also generate school fees in the amount of \$22,236 to the Sweetwater Union High School District and \$6,930 to the South Bay Union School District.

Based upon this analysis, the State would receive the greatest benefit both during construction (\$361,000 in State Income Tax) and during operation of the Project (\$700,000 in annual retail sales tax). The State would also benefit from State Income Tax generated from the estimated 139 full-time workers employed at the new shopping center. These figures, however, have not been calculated.

SUMMARY:

Development of the Project on the Property in accordance with the terms of the DDA will generate substantial short-term and long-term economic benefits not only to the Successor Agency and the City, but also to the State and all other affected taxing entities. The Project is not only projected to generate an annual and on-going flow of sales tax to both the State and the City, but it will also generate annual and on-going property tax to all affected taxing entities. Development of the Project on the Property in accordance with the DDA will also provide significant State and Federal economic benefits from income taxes generated through construction-related and full-time jobs both during construction and from the long-term operation of the Project. An appraisal dated July 10, 2012, determined that, given the significant physical and other constraints necessary to prepare the Property for development, the Property has "nominal value". Given this nominal value, the economic benefits derived from development of the Project on the Property by the Developer in accordance with the terms of the DDA would far surpass what might be obtained by sale of the Property in its current condition. In fact, given the afore-mentioned physical constraints of the Property, together with the lengthy and expensive entitlement process any future owner of the Property would have to pursue, it is likely that the Property would not be developed for another several years at least, resulting in no short-term economic benefits and little to no long-term economic benefits. Finally, what should not be overlooked is the potential catalytic benefit this type of development will have throughout the City. Projects of this size and quality typically result in improvements to adjacent and nearby properties. To that end, speculation and interest in nearby properties has already been noted as have inquiries by other existing and potential property owners eager to see this Property developed and the Project constructed as contemplated by the DDA.

Seacoast Inn Property
800 Seacoast Drive (APN 625-262-02)

- Purpose:** To address the disposition and use of real properties of the former redevelopment agency
- Due:** No later than six (6) months following the issuance to the successor agency of the Finding of Completion
- Contents:** The Long Range Property Management Plan shall include an inventory of all properties in the trust. The inventory shall consist of all of the following information:
- 1) The date of the acquisition of the property and the value of the property at that time and an estimate of the current value of the property
 - 2) The purpose for which the property was acquired
 - 3) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan
 - 4) An estimate of the current value of the parcel including, if available, any appraisal information
 - 5) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds
 - 6) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts
 - 7) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
 - 8) A brief history of previous development proposals and activity, including the rental or lease of the property

The Long-Range Property Management Plan shall address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

- A. If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county
- B. If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph A (above), the proceeds from the sale shall be distributed as property tax to the taxing entities
- C. Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance

Property: Seacoast Inn Property (Pier South Hotel)
Date of Acquisition: March 9, 2011; transferred to Successor Agency on December 28, 2012
Value at Acquisition: \$5,760,000
Estimate of Current Value: \$5,760,000 (this value is solely an estimate based on the Appraisal dated October 15, 2010. Since the Appraisal is over two years old, the value of the Property may likely have fluctuated).
Purpose of Acquisition: To facilitate/effectuate redevelopment of a dilapidated 38-room hotel/motel into a four-story, 78-room, full-service hotel and restaurant

Parcel Data:

Property Address: 800 Seacoast Drive, Imperial Beach, CA 91932

Assessor Parcel No. 625-262-02

Lot Size: 49,400 square feet (1.134 acres)

Current Zoning: C-2 Seacoast Commercial Zone (C/MU-2 per recent Zoning Amendment) per the City's Zoning Code, General Plan/Local Coastal Program and Sections 210 and 230 of the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The property is also subject to a Specific Plan & General Plan Amendment approved by the City Council on December 5, 2007 which specifies the development of the site as a full-service, four-story hotel with restaurant and conference facilities (Ordinance No. 2007-1060).

Estimate of Current Value: \$5,760,000 (this value is solely an estimate based on the Appraisal dated October 15, 2010). Since the Appraisal is over two years old, the value of the Property may likely have fluctuated.

Appraisal Date: October 15, 2010

Estimated Revenues: Per DDA – Maximum of \$55.00 of lease revenue (\$1.00 per year) to Successor Agency over 55-years; \$11.00 in lease and sales revenue if Developer's Assignee exercises Purchase Option after 10 years (\$1.00 per year and \$1.00 purchase price)

Environmental Contamination History:

Studies Conducted: Geotechnical, Soils Report and Site Assessment

Remediation: No contaminants identified, no remediation required

Brownfield Status: N/A

Transit-Oriented Development Potential: This Property is currently under construction and nearing completion. However, the Property is located on Seacoast Drive, the first main-street and prime transit corridor running parallel to the coast of Pacific Ocean. This Property and the properties surrounding it are zoned as Seacoast Commercial and Mixed-Use (C/MU-2) under the City's General Plan and Zoning Ordinance. Additionally, the San Diego Regional Association of Governments (SANDAG) has designated the entire segment of Seacoast Drive within the C/MU-2 Zone as a "Mixed-Use Transit Corridor" on their Smart Growth

Concept Map. There are bus stops located throughout the corridor including one directly across the street and less than 70 feet from the newly-developed hotel. As such, this Property would easily meet the objectives of Transit-Oriented Development.

Planning Objectives of the Successor Agency: The planning objectives for this property are contained in the City's Zoning Code, General Plan/Local Coastal Plan and the Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (Amendment No. 1). The zoning, General Plan and Redevelopment Plan designation for this area is "C-2 Seacoast Commercial" which is intended to provide for land to meet the demand for goods and services required primarily by the tourist population, as well as local residents who use the beach area. It is intended that the dominant type of commercial activity in the this area will be visitor serving retail such as specialty stores, surf shops, restaurants, hotels and motels. Additionally, both the Economic Development Plan and the Five-Year Implementation Plans adopted by the former Redevelopment Agency and now administered by the Successor Agency contain specific goals to increase visitor serving uses and promote recreation, hotel and resort oriented uses within the Seacoast Drive corridor.

Development Proposal History:

- November 21, 2007 – Development Agreement, Coastal Development Permit, Specific Plan Approval & EIR Certification by Imperial Beach City Council
- December 5, 2007 – Second Reading of Ordinances approving Development Agreement and Specific Plan
- April 10, 2008 – Coastal Commission approval (on appeal) of Coastal Development Permit A-6-IMB-07-131
- December 11, 2008 – Coastal Commission approval of revised findings for Coastal Development Permit A-6-IMB-07-131
- September-October 2010 – Demolition of existing structures
- December 1, 2010 – Imperial Beach Redevelopment Agency approval of DDA between the Imperial Beach Redevelopment Agency and Imperial Coast, L.P. and Addendum to the EIR
- December 16, 2010 – Execution of Disposition and Development Agreement (DDA) between Imperial Beach Redevelopment Agency and Imperial Coast, L.P.
- March 9, 2011 – Property Acquisition and Grant Deed Recordation pursuant to the terms the DDA
- March 10, 2011 – Ground Lease between Imperial Beach Redevelopment Agency and Seacoast Inn, L.P. executed pursuant to the terms of the DDA. Other closing documents required by the terms of the DDA executed by the Imperial Beach Redevelopment Agency and Seacoast Inn, L.P.
- March 28, 2011 – Commencement of construction
- October 3, 2012 – Imperial Beach Redevelopment Agency Successor Agency authorizes acceptance of the Property and reaffirms its rights and obligations under the DDA
- December 28, 2012 – Property transferred to Imperial Beach Redevelopment Agency Successor Agency

Use or Disposition of the Property: This Property must be retained to fulfill an enforceable obligation pursuant to Assembly Bill No. X1 26 as amended by Assembly Bill No. 1484 ("Dissolution Act"). The retention of the Property is required pursuant to the terms of the Disposition and Development Agreement ("DDA") executed on December 16, 2010, by and between the former Imperial Beach Redevelopment Agency ("Redevelopment Agency") and Imperial Coast, L.P., a California limited partnership ("Developer"). The DDA and all related documents executed by the former Redevelopment Agency constitute enforceable obligations of the former

Redevelopment Agency and now the Successor Agency pursuant to the Dissolution Act. Fee title of the Property is owned by the Successor Agency. In furtherance of the DDA, the Property is ground leased to Developer's Assignee, Seacoast Inn, L.P., a California limited partnership, for one dollar (\$1.00) per year pursuant to the terms of a fifty-five (55) year term Ground Lease entered into by and between the former Redevelopment Agency and Seacoast Inn, L.P. on March 15, 2011. Pursuant to the DDA and the Ground Lease, Seacoast Inn, L.P. is obligated to develop and operate a full-service beach resort hotel and appurtenant parking facilities. At any time commencing upon completion of the project and ending upon expiration of the term of the Ground Lease, Seacoast Inn, L.P. may purchase the Property for one dollar (\$1.00) upon meeting certain conditions precedent.

The use of the Property for the purposes provided in the DDA and the Ground Lease constitute enforceable obligations as the Property is contractually obligated to a private third party through the underlying DDA that was executed on December 16, 2010. The Successor Agency intends, therefore, to honor the obligations and requirements of the DDA and all related documents executed by the former Redevelopment Agency and continue to lease the Property to the Seacoast Inn, L.P. pursuant to the Ground Lease, provided for under the terms of the DDA, for one dollar (\$1.00) per year. Further, pursuant to the DDA, Ground Lease and related documents executed by the former Redevelopment Agency, upon completion of the project and ending upon expiration of the term of the Ground Lease, Seacoast Inn, L.P. may purchase the Property from the Successor Agency for one dollar (\$1.00) upon meeting certain conditions precedent. If and when Seacoast Inn, L.P. exercises this option to purchase the Property and upon complete satisfaction of the conditions precedent, the Successor Agency similarly intends to honor the obligations and requirements of the DDA, Ground Lease and related documents executed by the former Redevelopment Agency and sell the Property to Seacoast Inn, L.P.

ATTACHMENTS:

9th & Palm Attachments:

1. Disposition and Development Agreement (DDA)
2. DDA Letter Amendments
3. Appraisal – July 10, 2012
4. Keyser Marston Associates Fiscal Impact Analysis
5. Oversight Board Agenda Item – September 12, 2012
6. Oversight Board Resolution No. OB-12-10 – September 12, 2012
7. Plans
8. Entitlements

Seacoast Inn (Pier South) Attachments:

9. Disposition and Development Agreement – December 16, 2010
10. Ground Lease
11. Option Agreement

Due to the large file size of Attachments 1 through 11, copies are available for review in the City Clerk's Office located at:

City Hall
825 Imperial Beach Blvd.
Imperial Beach, CA 91932