

**MINUTES OF THE MEETING OF
MAY 1, 2013
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SONORA**

A regular meeting of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sonora was scheduled on this date at 1:00 p.m. in the Sonora City Hall Conference Room.

CALL TO ORDER - The following members were present: Chairman Bill Canning, Vice Chair, Sherri Brennan, Tim Johnson, Rachelle Kellogg, Tami Ethier, Delbert Rotelli and Nick Stavrianoudakis. The following staff members were present: City Administrator, Tim Miller and Finance Director, Karen Stark.

PUBLIC APPEARANCES – None

MINUTES – Motion by Sherri Brennan, seconded by Rachelle Kellogg, carried on a vote of 7-0- to approve the minutes of the meeting of February 6, 2013 as mailed.

DISCUSSION ITEMS

- A. Discussion regarding the Department of Finance’s Final Determination of the Due Diligence Review Report of the dissolved Sonora Redevelopment Agency for All Other (Non-Housing) Funds, pursuant to AB 1484.

City Administrator, Tim Miller, introduced the item and opened the discussion on the Successor Agency’s submittal of the Oversight Board approved Due Diligence Review for All Other (Non-Housing) Funds, to the Department of Finance (DOF).

The DOF issued their determination on March 9, 2013 stating that they disallowed an additional \$111,665 in payments made by the Sonora redevelopment agency (RDA) to the City of Sonora (City) between January 1, 2011 and December 31, 2011. In their determination, DOF stated these payments were considered loans between the City and the RDA and therefore not enforceable obligations and must be remitted to the Tuolumne County Auditor-Controller (AC) for redistribution to taxing agencies.

In addition, DOF determined that \$19,251 of rental income received by the Successor RDA between February, 2012 and June, 2012 from a building located at 326 N. Washington Street owned by the RDA/Successor RDA must be remitted to the AC for redistribution to taxing agencies. These funds were being held by the Successor RDA for necessary property maintenance on the building.

A schedule showing the amount, description and source of funds of the \$180,091 determined by DOF to be remitted to the AC was prepared and distributed by Karen Stark at the meeting and is attached to the minutes.

Tim Miller advised that, upon receipt of the DOF determination letter, the City requested a Meet and Confer Session to discuss the DOF's response. The meeting was held on March 27, 2013 in Sacramento.

Tim Miller, Karen Stark and Rachelle Kellogg attended the Meet and Confer to contest the repayment of the December 31, 2011 loan payment from the RDA to the City. The contention was that the City had loaned the funds to the RDA to make the loan payment. Since the loan payment was not made using FY 2012 tax increment, the \$55,832 should not be required to be returned to the AC. The City also presented documentation supporting the need for maintenance on the building located at 326 N. Washington Street and therefore the related retention of \$19,251 in rental income.

Tim discussed that after the Meet and Confer Session, the DOF stood by their determination that the transfers for the Stewart Street Sidewalk Project Reconstruction loan (\$14,861,49), Rother's Corner Remodel loan (\$13,386.20) and the Opera Hall Remodel loan (\$27,584.83) were disallowed and the City had to return those funds.

In reference to the \$19,251 that was set aside for building maintenance, that too, was determined to be disallowed and those funds transferred back to the AC for distribution. Staff felt that although the Successor RDA has an obligation to maintain this building, there are no funds with which to do so.

Karen Stark advised that with the finding from the DOF, a check for \$180,091 was delivered to the AC as required.

Once the return of funds is complete the City will be receiving a Finding of Completion from the DOF.

Tami Ethier asked if tax increment funding from the RPTTF was insufficient and that was why funds had been loaned by the City to the RDA to make the second loan payment. Karen Stark answered yes – Legislation limited the use of FY 2012 property tax increment for specific purposes (Approved ROPS from 1-1-12 to 6-30-12).

INFORMATION AND QUESTIONS - None

ADJOURNMENT - There being no further business to come before the Board, the meeting was adjourned at 1:20 p.m.

Respectfully submitted,



Kim Campbell,
Community Development Specialist

PAYMENT OF OTHER FUNDS AND ACCOUNTS DUE DILIGENCE REVIEW
DEPARTMENT OF FINANCE DETERMINATION LETTER DATED 4/13/13

DESCRIPTION	AMOUNT	SOURCE OF FUNDS
FY 2012 Tax Increment	49,173.94	County RPTTF Fund - July 2011 - January 2012
FY 2012 Rental Income - 326 N. Washington Street	19,251.22	Tenant Rent Payments - February 2012 - June 2012
<u>City of Sonora CDBG Reuse Fund Loans to RDA</u>		
6/30/11 Stewart Street Sidwalk Loan	14,861.49	
6/30/11 Rothers Corner Loan	13,386.21	
6/30/11 Opera Hall Loan - Principal	27,584.84	
	<u>55,832.54</u>	County RPTTF Fund - July 2010 - June 2011
<u>City of Sonora CDBG Reuse Fund Loans to RDA</u>		
12/31/11 Stewart Street Sidwalk Loan	14,861.49	
12/31/11 Rothers Corner Loan	13,386.20	
12/31/11 Opera Hall Loan	27,584.83	
	<u>55,832.52</u>	City of Sonora General Fund Loan to RDA
Rounding	0.78	
Check Amount Payable to Tuolumne County Auditor-Controller	<u><u>180,091.00</u></u>	