

**ALL ITEMS FOR CONSIDERATION BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION ARE AVAILABLE FOR PUBLIC VIEWING IN THE OFFICE OF THE OVERSIGHT BOARD SECRETARY AND THE CENTRAL LIBRARY**

**Agendas and other writings that will be distributed to the Board Members in connection with a matter subject to discussion or consideration at this meeting and that are not exempt from disclosure under the Public Records Act, Government Code Sections 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22, are available for inspection following the posting of this agenda in the Oversight Board Secretary's Office, at Commerce City Hall, 2535 Commerce Way, Commerce, California, and the Central Library, 5655 Jillson Street, Commerce, California, or at the time of the meeting at the location indicated below.**

**AGENDA FOR THE ADJOURNED REGULAR MEETING OF  
THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO  
THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION**

**COUNCIL CHAMBERS  
CITY HALL, CITY OF COMMERCE  
5655 JILLSON STREET, COMMERCE, CALIFORNIA**

**WEDNESDAY, JANUARY 9, 2013 – 5:00 P.M.**

<b><u>CALL TO ORDER</u></b>	Chairperson Leon
<b><u>PLEDGE OF ALLEGIANCE</u></b>	Board Member Rifá
<b><u>ROLL CALL</u></b>	Secretary Olivieri

**PUBLIC COMMENT**

**Citizens wishing to address the Oversight Board on any item on the agenda or on any matter not on the agenda may do so at this time. However, State law (Government Code Section 54950 et seq.) prohibits the Oversight Board from acting upon any item not contained on the agenda posted 72 hours before a regular meeting and 24 hours before a special meeting. Upon request, the Oversight Board may, in its discretion, allow citizen participation on a specific item on the agenda at the time the item is considered by the Oversight Board. Request to address Oversight Board cards are provided by the Secretary. If you wish to address the Oversight Board at this time, please complete a speaker's card and give it to the Secretary prior to commencement of the Oversight Board meeting.**

# ADJOURNED REGULAR OVERSIGHT BOARD AGENDA

01/09/2013 – 5:00 p.m.

Page 2 of 3

Please use the microphone provided, clearly stating your name and address for the official record and courteously limiting your remarks to five (5) minutes so others may have the opportunity to speak as well.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

No person shall make any remarks which result in disrupting, disturbing or otherwise impeding the meeting.

**WRITTEN COMMUNICATIONS** – None.

**PRESENTATIONS** – None.

## **CONSENT CALENDAR**

Items under the Consent Calendar are considered to be routine and may be enacted by one motion. Each item has backup information included with the agenda, and should any Board Member desire to consider any item separately he/she should so indicate to the Chairperson. If the item is desired to be discussed separately, it should be the first item under Scheduled Matters.

### 1. Approval of Minutes

The Board will consider for approval the minutes of the Adjourned Regular Meeting of Wednesday, November 14, 2012, held at 5:00 p.m.; Regular Meeting of Wednesday, December 5, 2012, held at 5:00 p.m.; Adjourned Regular Meeting of Wednesday, December 12, 2012, held at 5:00 p.m. and Regular Meeting of Wednesday, January 2, 2013, held at 5:00 p.m.

## **SCHEDULED MATTERS**

### 2. Redevelopment – All Other Funds and Accounts Due Diligence Reviews

The Board will review and consider for approval a report on one aspect of the end of redevelopment, highlighting the All Other Funds and Accounts Due Diligence Review as performed Mayer Hoffman McCann P.C., as part of AB 1X 26, and pursuant to *California Health and Safety Code* Section 34179.5(c) requiring each County Auditor-Controller to conduct, or cause to be conducted, agreed-upon procedures of each former Redevelopment Agency, and provide appropriate direction to staff with respect thereto.

### 3. Report Regarding Impact of AB 1484 on Property Disposition Requirements

The requirements of AB 1X 26 relating to the disposition of properties owned by the former Commerce Community Development Commission (the "Commission") have been changed by the passage of AB 1484. The provisions of the law are still unclear; however, staff has now concluded that AB 1484 prohibits the sale of real property that was owned by the now dissolved redevelopment agencies until the approval of a Property Management Plan.

The Board will receive a report on, and provide direction to staff as may be deemed appropriate with respect to, the impact of AB 1484 on property disposition requirements relating to real property owned by the now dissolved Commerce Community Development Commission.

**STAFF REPORTS AND INFORMATION ITEMS**

**CHAIR AND BOARD MEMBER REPORTS AND INFORMATION ITEMS**

**RECESS TO CLOSED SESSION** – No items.

**ADJOURNMENT**

**LARGE PRINTS OF THIS AGENDA ARE AVAILABLE UPON REQUEST  
FROM THE OVERSIGHT BOARD SECRETARY'S OFFICE,  
MONDAY-FRIDAY, 8:00 A.M. - 6:00 P.M.**

# AGENDA REPORT

## OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION

DATE: January 9, 2013

**TO:** HONORABLE OVERSIGHT BOARD

**FROM:** SUCCESSOR AGENCY FINANCE DIRECTOR

**SUBJECT:** REDEVELOPMENT – ALL OTHER FUNDS AND ACCOUNTS DUE DILIGENCE REVIEWS

### RECOMMENDATION:

The Oversight Board will review and consider for approval a report on one aspect of the end of redevelopment, highlighting the All Other Funds and Accounts Due Diligence Review as performed Mayer Hoffman McCann P.C. – as part of AB 26, and pursuant to California Health and Safety Code Section 34179.5(c) requiring each County Auditor-Controller to conduct, or cause to be conducted, agreed-upon procedures of each former Redevelopment Agency, and provide appropriate direction to staff with respect thereto.

### MOTION:

Receive, review and approve the report so it can be transmitted to the Department of Finance and Los Angeles County Auditor-Controller.

### BACKGROUND:

On March 14, 1974, the City of Commerce City Council (the "City") established the Commerce Redevelopment Agency (the "Agency"). Thereafter, the City Council approved and adopted the Redevelopment Plans for Project Area No. 1, Project Area No. 2 (the Town Center Project), Project Area No. 3 (the Atlantic Washington Project) and Project Area No. 4 (collectively, the "Redevelopment Plans"), covering certain properties within the City (the "Project Areas").

On November 3, 1992, the City Council created the Commerce Community Development Commission (the "Commission"). The Commission is the successor-in-interest to the Agency and was engaged in various activities necessary to execute and implement the Redevelopment Plans pursuant to the provisions of the California Community Redevelopment Law (*Health and Safety Code* § 33000, *et seq.*) ("CRL").

As part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed companion bills, Assembly Bill 1X 26 (“AB 26”) and Assembly Bill X1 27 (“AB 27”), requiring that each redevelopment agency in the State be dissolved unless **the community exercised the option to continue with a modified form of redevelopment** under AB 27.

Subsequently, the League of California Cities, the California Redevelopment Association and the cities of San Jose and Union City filed a lawsuit with the California Supreme Court, entitled *California Redevelopment Association et al., v. Ana Matosantos*, challenging the constitution of AB 26 and AB 27.

On December 29, 2011, the California Supreme Court upheld the constitutionality of AB 26 which abolished redevelopment agencies. The Supreme Court also held that AB 27 was unconstitutional. Thus, effective, February 1, 2012, redevelopment agencies throughout the State were abolished and cannot continue on with any redevelopment activities.

HSC Section 34179.5 requires each Successor Agency to employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities.

Due Diligence reviews of All Other Funds and Accounts must be submitted to the Oversight Board, the county auditor-controller, the State Controller’s Office and the Department of Finance by January 15, 2013. The Oversight Board has until said date to review, approve, and transmit to the Department of Finance and county auditor-controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities.

Department of Finance reviews of the determinations provided by the Oversight Boards will be completed no later than April 1, 2013. Any decision to overturn determinations made by the Oversight Board to authorize a Successor Agency to retain assets or funds will be conveyed to the Oversight Board and Successor Agency via a letter. Successor Agencies have five days from receipt of the decisions to request “me et and confer.”

#### **ANALYSIS:**

The auditing firm of Mayer-Hoffmann-McCann has completed the Due Diligence Review engagement of the City’s All Other Funds and Accounts, the results of which are attached. The procedures performed were agreed upon by the California State Controller’s Office, California Department of Finance (Finance), and Los Angeles County (LACA-C).

**FISCAL IMPACT:**

As part of the ROPS process, adequate funds or assets are being retained to specifically facilitate the ongoing operations / programs / projects as it relates to the dissolution of redevelopment.

Recommended by:



Vilko Domic  
Successor Agency Finance Director

Approved as to Form



Eduardo Olivo  
Successor Agency Legal Counsel

Attachments: Copy of the Due Diligence Review

# AGENDA REPORT

## OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMERCE COMMUNITY DEVELOPMENT COMMISSION

DATE: January 9, 2013

**TO:** HONORABLE OVERSIGHT BOARD

**FROM:** SUCCESSOR AGENCY FINANCE DIRECTOR

**SUBJECT:** REPORT REGARDING THE IMPACT OF AB 1484 ON PROPERTY  
DISPOSITION REQUIREMENTS

### **RECOMMENDATION:**

Receive and file the report.

### **BACKGROUND:**

The requirements of AB X1 26 ("AB 26") relating to the disposition of properties owned by the Commerce Community Development Commission (the "Commission") have been changed by the passage of AB 1484. The provisions of the law are still unclear. However, staff has now concluded that AB 1484 prohibits the sale of real property that was owned by the now dissolved redevelopment agencies until the approval of a Property Management Plan.

AB 26 required the Successor Agency to the Commission (the "Successor Agency") to dispose of all properties owned by the Commission. After the passage of AB 26, the Successor Agency, along with successor agencies throughout the State, began taking steps to dispose of the properties owned by the former redevelopment agencies. For example, on April 9, 2012, the Successor Agency received an offer from Gatwick Group, LLC ("Gatwick") for the purchase of the properties located at 4957 Sheila Street (APN No. 5244-034-900) and 4800 Washington Boulevard (APN No. 5244-033-900) Commerce, California 90040 (the "Properties"). On June 5, 2012, the Successor Agency approved the hiring of DMD Appraisals to prepare the individual appraisals of the Properties. On October 16, 2012, the Successor Agency approved a Purchase and Sale Agreement for the Properties. Pursuant to AB 26, the Successor Agency is required to have the transaction approved by the Oversight Board before the agreement becomes effective.

In order to address some of the issues raised by AB 26, on June 27, 2012, the State Legislature adopted AB 1484. AB 1484 made several substantive changes to AB 26 that were intended to clarify various aspects of the legislation. AB 26 had previously required that all redevelopment agencies dispose of their real property assets at the highest price possible and as expeditiously as possible. However, there was concern

that successor agencies would be forced to sell their assets at “fire sale” prices. AB 1484 now provides for the preparation and approval of a Long-Range Property Management Plan (“Property Management Plan”) after the DOF issues a finding of completion. The Property Management Plan must address the disposition and use of all real property owned by the former redevelopment agency and must be submitted to the Oversight Board and the DOF for approval no later than six months following the issuance of the “finding of completion.”

The interpretation of the impact of AB 1484, have varied. Some believe that former redevelopment agencies properties can still dispose of pursuant to the provisions of AB 26. However, others believe that AB 1484 now prevents the sale of properties until the approval of a Property Management Plan. Successor Agency Staff has contacted the DOF for clarification and has been advised that none of the properties owned by the Commission can be disposed of until after the Property Management Plan is prepared and approved by the Oversight Board and the DOF. Therefore, the transactions that have been started, such as the Gatwick transaction, will not be brought forward at this time. Successor Agency Staff will move forward with the preparation of the Property Management Plan for all properties that were owned by the Commission.

**FISCAL IMPACT:**

None.

Respectfully submitted,

  
Vilko Domic  
Successor Agency Finance Director

Approved as to form,

  
Eduardo Olivo  
Successor Agency Legal Counsel