

I, Wendell Naraghi, Chair of the Designated Local Authority, as Successor Agency for the Riverbank Redevelopment Agency, hereby call a Special Meeting of the Riverbank Designated Local Authority pursuant to California Government Code Section 54956. The Special Meeting will be held Wednesday, May 22, 2019 at 2:00 pm at the City Hall South Conference Room, 6617 Third Street, Riverbank, California 95367-2305. The purpose of the special meeting is to discuss or transact the business set forth below.

The Agenda for special meetings is posted at least 24 hours prior to each meeting outside of the Riverbank City Hall and is available at each meeting. The Agenda and related reports are also available at the Riverbank City Clerk's Office and are available on the Designated Local Authority's website at www.kosmont.com. Any writing distributed within 24 hours of the meeting will be made available to the public by placing it with the City Clerk at the time it is distributed to the Designated Local Authority.

**RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY
TO THE RIVERBANK REDEVELOPMENT AGENCY
RIVERBANK CITY HALL SOUTH
CONFERENCE ROOM
6617 THIRD STREET
RIVERBANK CA 95367-2305**

SPECIAL MEETING

AGENDA

WEDNESDAY, MAY 22, 2019 – 2:00 PM

CALL TO ORDER: CHAIR WENDALL NARAGHI

**ROLL CALL: Chair Wendell Naraghi
Vice Chair Walter Schmidt
Treasurer Paul Baxter**

CONFLICT OF INTEREST

Declaration by Board Members who would have a direct Conflict of Interest on any scheduled item to be considered should be stated at this time.

1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)

At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the Board.

2. ACTION ITEMS:

Item 2.1 Approval of Minutes from Special Meeting on March 20, 2019

Recommendation: That the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, approve the minutes of its Special Meeting on March 20, 2019.

Item 2.2 Discuss and Take Potential Action Regarding Options for Securing Administrative Staff Support and Legal Counsel for the DLA Board.

Recommendation: That the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, provide direction to staff regarding securing administrative staff support and legal counsel for the DLA Board.

Item 2.3: Discuss and Take Potential Action Regarding Transmitting Letter to Stanislaus County Auditor Controller, Stanislaus County Oversight Board, California Department of Finance, City of Riverbank and US Bank Regarding Pending Board Member Resignations.

Recommendation: That the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, provide direction to staff regarding transmittal of letters indicating potential change in the DLA Board and Board staff support.

3. COMMENTS (Informational Only – No action to be taken)

Item 3.1: Consultant Comments

Item 3.2: Board Comments

ADJOURNMENT

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AFFIDAVIT OF POSTING			
DATE:	May 21, 2019	TIME:	2:00PM
NAME:	Marisela H. Garcia	TITLE:	Assistant City Manager

Notice Regarding Americans with Disabilities Act:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122. Notification 24-hours before the meeting will enable the Board to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102.35.104 ADA Title II].

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Designated Local Authority shall be in English and anyone wishing to address the Board is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

Any documents, not privileged or of a closed session, produced by DLA consultants and distributed to a majority of the DLA Board regarding any item on this agenda will be made available at South City Hall, 6617 Third Street, Riverbank, CA.

AGENDA ITEM 2.1

**MINUTES OF THE
RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY
TO THE RIVERBANK REDEVELOPMENT AGENCY**

**SPECIAL MEETING AGENDA
WEDNESDAY, MARCH 20, 2019 – 2:00 PM**

CALL TO ORDER:

The Riverbank Designated Local Authority (RDLA) met this date at 2:05 p.m., the Riverbank City Hall South Conference Room, 6617 Third Street, Riverbank, California and was called to order by Chair Naraghi.

ROLL CALL: **Chair Wendell Naraghi**
 Vice Chair Walter Schmidt
 Treasurer Paul Baxter

Staff Present: **Marisela H. Garcia, Secretary**
 Mark Persico, DLA Staff



CONFLICT OF INTEREST

No conflict was declared.

1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)

There was no public business from the floor.

2. ACTION ITEMS:

Item 2.1: Discuss and Take Potential Action Regarding Options for Securing Administrative Staff Support and Legal Counsel for the DLA Board.

The Board discussed various options, but no action was taken.

Item 2.2: Discuss and Take Potential Action Regarding Transmitting Letters to Stanislaus County Auditor Controller, Stanislaus County Oversight Board, California Department of Finance, City of Riverbank and US Bank Regarding Pending Board Member Resignations.

By a vote of 3-0, the Board directed staff transmit the letters and to include sending the letter to the Governor, County Supervisor and local State representatives. The motion was made by Treasurer Baxter with a second by Vice Chair Schmidt.

3. COMMENTS

Item 3.1: Consultant Comments - None

Item 3.2: Board Comments – None

There being no further business, Chair Naraghi adjourned the meeting at 3:10 p.m.

Respectively Submitted,

Marisela H. Garcia, Secretary
Riverbank Designated Local Authority

REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY

TO: MEMBERS OF THE DESIGNATED LOCAL AUTHORITY

FROM: MARK PERSICO, DLA STAFF

DATE: MAY 23, 2019

SUBJECT: DISCUSS AND TAKE POTENTIAL ACTION REGARDING OPTIONS FOR SECURING ADMINISTRATIVE STAFF SUPPORT AND LEGAL COUNSEL FOR THE DLA BOARD

Background and Discussion:

The Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (“DLA”) was appointed by the Governor in February 2012 pursuant to Health & Safety Code Section 34173(d)(3), following the decision of the Riverbank City Council to not become the Successor Agency. The Board has made significant progress over the past seven years winding down the activities of the former Redevelopment Agency.

Administrative staff support has been provided by Kosmont Companies and legal counsel has been provided Leibold, McClendon & Mann. These services have been provided via contract to the California Department of Finance (DOF) because the DLA does not have adequate Redevelopment Property Tax Trust Fund (RPTTF) revenue to pay for administrative support directly.

In 2007 the former Riverbank Redevelopment Agency issued the Riverbank Reinvestment Project Tax Allocation Bonds (2007 Series A) in the amount of \$12,315,000 and the Riverbank Reinvestment Project Tax Allocation Housing Set-Aside Bonds (2007 Series B) in the amount of \$3,120,000 (collectively “2007 Bonds”). In August 2012, the 2007 Bonds went into default and currently remain in default. US Bank National Association as Trustee for the 2007 Bonds has been receiving all available RPTTF for debt service payments.

On February 14, 2019, the DOF issued a letter (Attachment 1) informing Kosmont Companies that the contract, which expires on June 30, 2019, would not be renewed. On March 1, 2019, a conference call was held with DOF staff Chris Hill and Jennifer Whitaker to discuss various staffing alternatives. At the conclusion of the call, however, DOF staff continued to believe there were options for the DLA Board to secure its own staff; therefore, DOF staff was unwilling to extend the Kosmont Companies contract beyond June 30, 2019.

On March 12, 2019, the Riverbank City Council met and discussed assuming Successor Agency duties but reached no decision. Given the upcoming deadline of June 30, 2019, timing is critical and the Board needs to know how, or if, staff support will be provided beginning July 1, 2019.

Options:

Below are options that staff has identified.

1. City of Riverbank agrees to provide part-time staff.
2. Stanislaus County Auditor Controller makes bond payment directly – this would most likely require clarification to relevant Health & Safety Code sections.
3. Other sources of funding are identified for funding administrative and legal support.
4. DOF approves contract extension.

Since receiving the DOF letter on February 14, 2019, DLA staff has had two conference calls with DOF and three conference calls with the Trustee, however, as of the drafting of the staff report there is no path forward beyond June 30, 2019.

Recommendation:

Discuss and take potential action regarding seeking administrative staff support and legal counsel for the DLA Board.

Attachments:

- California Department of Finance letter, dated February 14, 2019

REPORT TO THE RIVERBANK DESIGNATED LOCAL AUTHORITY, AS SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AGENCY

TO: MEMBERS OF THE DESIGNATED LOCAL AUTHORITY

FROM: MARK PERSICO, DLA STAFF

DATE: MAY 23, 2019

SUBJECT: DISCUSS AND TAKE POTENTIAL ACTION REGARDING TRANSMITTAL OF LETTERS TO THE GOVERNOR, STANISLAUS COUNTY AUDITOR CONTROLLER, STANISLAUS COUNTYWIDE OVERSIGHT BOARD, CITY OF RIVERBANK, CALIFORNIA DEPARTMENT OF FINANCE AND US BANK REGARDING POTENTIAL CHANGE IN THE DLA BOARD AND BOARD STAFFING

Background and Discussion:

The Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency (“DLA”) has been receiving administrative staff support from Kosmont Companies and legal counsel from Leibold, McClendon & Mann. These services have been provided via contract to the California Department of Finance (DOF) because the DLA does not have adequate Redevelopment Property Tax Trust Fund (RPTTF) revenue to pay for administrative support directly.

On February 14, 2019, the DOF issued a letter (Attached) informing Kosmont Companies that the contract, which expires on June 30, 2019, would not be renewed. Barring any change by the City of Riverbank or DOF, effective July 1, 2019, the DLA Board will be without professional administrative staff and legal counsel.

The Board Members may continue to meet without outside guidance and expertise if they so choose. Board members should consider and weight the benefits and risks to meeting without outside professional guidance.

Since receiving the DOF letter on February 14, 2019, DLA staff has had two conference calls with DOF and three conference calls with the Trustee, however, as of the drafting of the staff report there is no path forward beyond June 30, 2019.

Recommendation:

Discuss and take potential action regarding transmitting the attached letters to the Stanislaus County Auditor Controller, Stanislaus County Oversight Board, California Department of Finance, City of Riverbank and US Bank regarding pending Board Member resignations.

Attachment:

Draft Potential Status Update Letters, dated May 28, 2019

**Riverbank Designated Local Authority,
as Successor Agency to the Riverbank Redevelopment Agency**

May 28, 2019

Kashmir Gill
Stanislaus County Auditor Controller
1010 10th Street, #5100
Modesto, CA 95354

SUBJECT: Riverbank Designated Local Authority – Notice of Discontinuance of Administrative and Legal Services effective June 30, 2019

Dear Ms. Gill,

I write to update interested parties on the status of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, (the “DLA”). The DLA was formed when the City of Riverbank elected to not become the Successor Agency pursuant to Health & Safety Code (“H&SC”) Section 34173 (d)(3) in February 2012. For the past seven years the DLA Board has been serving as Successor Agency to wind down the activities of the former Riverbank Redevelopment Agency. While the Board has made significant progress towards fulfilling its obligations under the relevant H&SC sections, there are activities which require ongoing attention and administration.

Since 2012 the DLA has been supported in its efforts to wind down the activities of the former Riverbank Redevelopment Agency with administrative staff support provided by Kosmont Companies and legal counsel provided by Leibold McClendon & Mann (“LMM”); under a subconsultant agreement with Kosmont Companies. Services provided by Kosmont Companies and LMM have been paid for by the California Department of Finance (the “DOF”) since the DLA does not have adequate Redevelopment Property Tax Trust Fund (“RPTTF”) revenues to pay for these statutorily required dissolution services.

In 2007 the former Riverbank Redevelopment Agency issued the Riverbank Reinvestment Project Tax Allocation Bonds (2007 Series A) in the amount of \$12,315,000 and the Riverbank Reinvestment Project Tax Allocation Housing Set-Aside Bonds (2007 Series B) in the amount of \$3,120,000 (collectively “2007 Bonds”). In August 2012, the 2007 Bonds went into default and currently remain in default. As Trustee, US Bank National Association has been receiving all available RPTTF for debt service payments.

The DLA has been unable to file a last and final Recognized Obligation Payment Schedule (ROPS) pursuant to H&SC 34191.6 (a) because one of the preconditions to filing is “the remaining debt of a successor agency is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.” The defaulted 2007 Bonds do not have a defined payment schedule.

Recent Events

On February 14, 2019 the DOF issued a letter (attached) informing Kosmont Companies – and LMM through Kosmont Companies – that the DLA dissolution services contract, which expires on June 30, 2019, would not be renewed. On March 1, 2019 a conference call was held with DOF staff to discuss various staffing alternatives and to clarify status of the DLA. DOF staff continues to favor other options for the

**Riverbank Designated Local Authority c/o Kosmont Companies
1601 N. Sepulveda Blvd., #382 • Manhattan Beach, CA 90266**

**Riverbank Designated Local Authority,
as Successor Agency to the Riverbank Redevelopment Agency**

DLA Board to secure its own staff; and will not approve a further extension of the Kosmont Companies contract beyond June 30, 2019.

On March 12, 2019, the Riverbank City Council met and discussed assuming Successor Agency duties. While there was no consensus on the part of the City Council, the clear majority were not in favor of assuming Successor Agency duties. Subsequently, on March 20, 2019, the DLA Board met to consider its options starting July 1, 2019. At the meeting, the Riverbank DLA members unanimously stated their individual intent to resign unless DOF approves ongoing administrative staff support and legal counsel to help guide them as they continue to unwind the activities of the former Riverbank Redevelopment Agency and fulfill their state mandated dissolution activities.

Post June 30, 2019 Conditions

Unless the decision to end the DLA dissolution services agreement is modified by DOF staff, there will be no administrative staff nor legal counsel to support the DLA after July 1, 2019. Therefore, while the ROPS 19-20 for the period July 1, 2019 – June 30, 2020 has been approved by DOF, there will not be DLA staff available or authorized to fulfill the procedures of making bond payments and other essential administrative duties.

Please contact me at (424) 297-1070 or mpersico@kosmont.com if you have any questions.

Sincerely,

Mark H. Persico, AICP
Riverbank DLA Staff

Attachment – California Department of Finance Letter dated February 14, 2019

cc: The Honorable Governor Newsom
The Honorable Senator Galgiani
The Honorable Assembly Member Flora
The Honorable Supervisor Olsen
Wendell Naraghi, Chair, DLA
Walter Schmidt, Vice Chair, DLA
Paul Baxter, Treasurer, DLA
The Honorable Mayor O'Brien, City of Riverbank
Mona Pasquil, Governor's Appointments Secretary
Stuart Thompson, Governor's Chief Deputy Appointments Secretary
Sean Scully, City Manager, City of Riverbank
Curt Andre, Chair, Stanislaus Countywide Oversight Board
Chris Hill, California Department of Finance
Larry J. Kosmont, CRE®
John McClendon, Leibold McClendon & Mann, PC
Joy Otsuki, Leibold McClendon & Mann, PC

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**Riverbank Designated Local Authority,
as Successor Agency to the Riverbank Redevelopment Agency**

May 28, 2019

Sandra L. Spivey
US Bank National Association
Trustee Riverbank Reinvestment Project 2007 TAB
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071

SUBJECT: Riverbank Designated Local Authority – Notice of Discontinuance of Administrative and Legal Services effective June 30, 2019

Dear Ms. Spivey,

I write to update interested parties on the status of the Riverbank Designated Local Authority, as Successor Agency to the Riverbank Redevelopment Agency, (the “DLA”). The DLA was formed when the City of Riverbank elected to not become the Successor Agency pursuant to Health & Safety Code (“H&SC”) Section 34173 (d)(3) in February 2012. For the past seven years the DLA Board has been serving as Successor Agency to wind down the activities of the former Riverbank Redevelopment Agency. While the Board has made significant progress towards fulfilling its obligations under the relevant H&SC sections, there are activities which require ongoing attention and administration.

Since 2012 the DLA has been supported in its efforts to wind down the activities of the former Riverbank Redevelopment Agency with administrative staff support provided by Kosmont Companies and legal counsel provided by Leibold McClendon & Mann (“LMM”); under a subconsultant agreement with Kosmont Companies). Services provided by Kosmont Companies and LMM have been paid for by the California Department of Finance (the “DOF”) since the DLA does not have adequate Redevelopment Property Tax Trust Fund (“RPTTF”) revenues to pay for these statutorily required dissolution services.

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staffing alternatives and to clarify status of the DLA. DOF staff continues to favor other options for the DLA Board to secure its own staff; and will not approve a further extension of the Kosmont Companies contract beyond June 30, 2019.

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Please contact me at (424) 297-1070 or mpersico@kosmont.com if you have any questions.

Sincerely,

Mark H. Persico, AICP
Riverbank DLA Staff

Attachment – California Department of Finance Letter dated February 14, 2019

cc: Wendell Naraghi, Chair, DLA
Walter Schmidt, Vice Chair, DLA
Paul Baxter, Treasurer, DLA
The Honorable Mayor O'Brien, City of Riverbank
Sean Scully, City Manager, City of Riverbank
Chris Hill, California Department of Finance
Larry J. Kosmont, CRE®
John McClendon, Leibold McClendon & Mann, PC
Joy Otsuki, Leibold McClendon & Mann, PC