

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

256



FROM: Executive Office

SUBMITTAL DATE:
November 13, 2014

SUBJECT: Approval of Agreement for Taxing Entity Compensation for City of La Quinta

RECOMMENDED MOTION: That the Board of Supervisors approve and authorize the Chairman of the Board of Supervisors to execute the Agreement for Taxing Entity Compensation (Agreement) by and between the City of La Quinta, the County of Riverside, and Riverside County Regional Park and Open Space District, (collectively referred to as "Taxing Entities").

BACKGROUND:
Summary

Pursuant to Assembly Bill 1484 (AB 1484), successor agencies (SAs) are required to prepare a Long Range Property Management Plan (LRPMP) which sets forth the strategy and process of the SA in the use and disposition of the former Redevelopment Agency real property assets (Properties). The goal of each SA is to dispose of the Properties expeditiously and in a manner that will maximize value to the affected Taxing Entities, while still advancing the planning objectives for which the Properties were originally acquired.

(continues on next page)

Rohini Dasika
Rohini Dasika

Senior Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/A	Budget Adjustment: N/A
	For Fiscal Year: 14/15

C.E.O. RECOMMENDATION:

APPROVE

BY: *Alex Gann*
Alex Gann

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL

BY: *Anita C. Willis*
ANITA C. WILLIS

Departmental Concurrence

DATE

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: 4

Agenda Number:

3-10

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approval of Agreement for Taxing Entity Compensation for City of La Quinta

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BACKGROUND:

Summary (continued)

The Successor Agency to the Redevelopment Agency of the City of La Quinta (City Agency) prepared a LRPMP that their Oversight Board approved on August 6, 2014, and the State Department of Finance (DOF) subsequently approved on August 22, 2014.

Included in the allowable use and disposition strategies for successor agency owned property, as set forth in Health and Safety Code Section 34191.5 (c)(2), is the conveyance of parcels from the City Agency to the city for future development (Development Property), and conveyance of the parcels from the City Agency to the city for governmental use (Transfer Property). The City Agency is proposing to transfer the parcels listed in Exhibit "A" to the City of La Quinta for future development of property and for continued governmental uses. Neither Taxing Entities nor the City of La Quinta will receive compensation for Transfer Property. The attached Agreement sets forth the terms of the covenant to distribute specified proceeds to Taxing Entities upon sale of the Development Property.

The compensation agreements provide for the allocation of sale proceeds to taxing entities received in connection with the sale of real property assets held by the former Redevelopment Agency. In La Quinta's case, the Department of Finance has approved the former Redevelopment Agency transferring the property to the City for the limited value (La Quinta obtained appraisals from an independent MAI certified appraiser). The 16 properties in question have limited value since they were purchased and improved with tax-exempt bond proceeds. Internal Revenue Service regulations governing the use of tax-exempt bond proceeds essentially prohibit the sale of these properties at a value no greater than \$1.00 for each property. These restrictions cannot be removed without paying off the \$97 million in tax-exempt bonds, which is not expected to occur until 2033.

The City is currently working toward securing a property tax revenue-generating development at the SilverRock Resort. In order to facilitate this development, the City desires to include approximately 30 acres of this property with other City-owned properties at SilverRock that are not subject to the Compensation Agreement. The development proposed at SilverRock includes hotels, mixed use retail, and resort residential. The proposed projects are projected to create property tax revenue at project build out.

Compensation agreements must be approved by all nine taxing entities, including the County of Riverside, Coachella Valley Water District, Coachella Valley Resource Conservation District, Coachella Valley Public Cemetery, Coachella Valley Mosquito & Vector Control District, Desert Community College District (College of the Desert), Desert Recreation District, Desert Sands Unified School District, and Riverside County Office of Education. Approval of this agreement does not affect redevelopment pass through agreements.

Pursuant to the Agreement, upon the conveyance of the Development Property from the City to any private third party, the City shall remit net unrestricted proceeds to the Riverside County Auditor-Controller's Office for distribution to the Taxing Entities within thirty (30) days after receipt by the city. The Agreement further details that the City is obligated to convey the Development Property consistent with the LRPMP and terms and conditions governing the disposition of the Development Property by and between the purchaser of the parcels that comprise the Development Property.

Staff recommends approval and execution of the attached Agreement.

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FORM 11: Approval of Agreement for Taxing Entity Compensation for City of La Quinta

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Impact on Citizens and Businesses

The approval and execution of the agreement will benefit the citizens and businesses of Riverside County through increased property tax revenues upon project completion to all affected Taxing Entities.

AGREEMENT FOR TAXING ENTITY COMPENSATION

This Agreement for Taxing Entity Compensation (this “**Agreement**”), dated for reference purposes as of November 3, 2014, is entered into by and among the following public agencies (all of which are collectively referred to herein as the “**Parties**” and as the “**Taxing Entities**”):

City of La Quinta, a California municipal corporation (“**City**”);
County of Riverside, a political subdivision of the State of California (“**County**”);
Riverside County Regional Parks and Open Space District, a public agency
(“**RCRPOSD**”)

RECITALS

A. Pursuant to Assembly Bill 26 from the 2011-12 First Extraordinary Session of the California Legislature (“**ABx1 26**”) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4th 231, effective February 1, 2012, the La Quinta Redevelopment Agency (“**Redevelopment Agency**” or “**RDA**”) was dissolved, and pursuant to Health & Safety Code Section 34173 as amended by Assembly Bill 1484 (“**AB 1484**”), the La Quinta Successor Agency became the successor-in-interest by operation of law to the Redevelopment Agency (the “**Successor Agency**”).

B. Pursuant to Health and Safety Code Section 34191.5, the Successor Agency prepared a Long-Range Property Management Plan (“**LRPMP**”) that addresses disposition of the real property formerly owned by the Redevelopment Agency.

C. On August 6, 2014, the LRPMP was approved by Resolution of the Oversight Board to the Successor Agency (the “**Oversight Board**”), a seven-member board established pursuant to Health and Safety Code Section 34179 that includes representatives appointed by the Taxing Entities, as specified.

D. On August 22, 2014, the State Department of Finance (“**DOF**”) approved the LRPMP.

E. This Agreement is negotiated and entered into by the Parties pursuant to the LRPMP as approved by the DOF. As such, this Agreement relates to the disposition and use of former RDA real property assets governed by the LRPMP and shall control the distribution to the Taxing Entities of proceeds received by the City for the disposition and use of the former RDA real property assets identified in this Agreement. To the extent there may be a conflict between any provision of law and the terms and conditions of this Agreement, this Agreement shall control pursuant to Health and Safety Code section 34191.3.

NOW THEREFORE, the Parties agree as follows:

1. Purpose. This Agreement is executed with reference to the facts set forth in the foregoing Recitals, which are incorporated into this Agreement by this reference. The purpose of this Agreement is to address the allocation of certain prospective revenues among the taxing

entities that share in the property tax base (“**Tax Base**”) for property located within the redevelopment project areas formerly administered by the Redevelopment Agency.

2. Special Districts and Funds. The governing boards of certain of the Taxing Entities administer certain special districts and funds that receive allocations of property taxes from the Tax Base. The governing board of the County is authorized to execute this Agreement on behalf of such special districts and funds governed and administered by the County and shall cause any Net Unrestricted Proceeds (as defined below) to be distributed to those special districts and funds, as applicable, including but not limited to the Riverside County ERAF fund(s) and any Riverside County library fund(s).

3. Parcels to be Conveyed to City for Future Development Consistent with LRPMP. The LRPMP provides that, pursuant to Health & Safety Code Section 34191.5(c)(2), certain parcels formerly owned by the Redevelopment Agency shall be transferred by the Successor Agency to the City for future development, which parcels are listed in Exhibit “A” attached hereto and incorporated by reference (collectively referred to herein as the “**Development Property**”).

4. Parcels May Be Conveyed to Public Agencies for Governmental Uses. The Parties agree that the LRPMP may provide, pursuant to Health & Safety Code Section 34191.5(c)(2), that certain parcels formerly owned by the Redevelopment Agency will be transferred by the Successor Agency to the City for continued governmental uses. No compensation will be paid to the City or to the Taxing Entities in connection with the transfers of these parcels for continued governmental uses, as approved by the DOF in the LRPMP.

5. Covenant to Distribute Specified Proceeds to Taxing Entities Upon Sale of Development Property. The City agrees that, consistent with the LRPMP approved by DOF, the City shall remit Net Unrestricted Proceeds to the Riverside County Auditor-Controller’s Office (“**Auditor-Controller**”) for distribution to the Taxing Entities. “**Net Unrestricted Proceeds**” shall mean the proceeds of sale received by the City for the sale of the Development Property, less: (i) costs incurred by City for expenses in connection with the management and disposition of the Development Property, including without limitation, costs incurred for property management, maintenance, insurance, marketing, appraisals, brokers’ fees, escrow, closing costs, survey, title insurance, attorneys’ and consultants’ fees, and other reasonable costs incurred, including reasonable compensation for City staff performing functions associated with the management, maintenance and disposition of the Development Property, and (ii) any proceeds of sale that are restricted by virtue of the source of funds (e.g. grant funds or the proceeds of bonds) that were used for the original acquisition of the Development Property.

6. Sale Procedures and Proceeds; Distribution to Taxing Entities. Upon the subsequent conveyance of the Development Property from the City to any private (non-public agency) third party, the City shall remit to the Auditor-Controller the Net Unrestricted Proceeds (if any) received by the City from the conveyance of the Development Property within 30 days after receipt by the City. The Auditor-Controller thereafter shall have the obligation to distribute to the Taxing Entities in accordance with each Taxing Entity’s pro rata share of the Tax Base (pursuant to Health and Safety Code Section 34188 or other applicable law) the Net Unrestricted Proceeds remitted to the Auditor-Controller by the City pursuant to this Agreement. The Parties

acknowledge and agree that City is obligated to convey the Development Property consistent with the LRPMP and terms and conditions governing the disposition of the Development Property by and between the purchaser of the parcels that comprise the Development Property. The Parties further acknowledge and agree that, due to the encumbrances and restrictions attached to and running with the Development Property, the value of the Development Property (or any portion thereof) shall be the amount of money the City receives for the conveyance of the Development Property (or any portion thereof) at the time of that conveyance to a private (non-public agency) third party, and such value shall be used to determine the Net Unrestricted Proceeds to be remitted to the Auditor-Controller pursuant to this Agreement.

7. Reservation of Rights Re: Compensation Agreement. The Successor Agency interprets Health and Safety Code Sections 34191.3 and 34191.5 to mean that, once a long-range property management plan has been approved by DOF, it supersedes all other provisions of the statute relating to the disposition and use of the former redevelopment agency's real property, and agreements with taxing entities are not required in connection with the disposition of a successor agency's real property to the sponsoring city for governmental uses or for subsequent disposition for future development. Nevertheless, pursuant to DOF direction, the City enters into this Agreement with the Taxing Entities to address the disposition of Development Property pursuant to the LRPMP. If a court order, legislation, or DOF policy reverses the requirement issued by the DOF to enter into this Agreement, the Parties acknowledge that the City shall have no obligation to enter into this Agreement with the Taxing Entities, and in such event, the City shall be permitted to convey the Development Property even if this Agreement has not been executed by all Taxing Entities. Notwithstanding the foregoing, the City agrees that it shall comply with the LRPMP, as approved by DOF, and make a payment of Net Unrestricted Proceeds (if any) to the Taxing Entities pursuant to this Agreement.

8. Miscellaneous Provisions.

8.1 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified on the signature pages to this Agreement or to such other address as a Party may designate by written notice delivered to the other Parties in accordance with this Section. In addition to any other method of delivery agreed upon between respective Parties, all such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) Electronic mail (e-mail) or facsimile, in which case notice shall be deemed delivered on the next business day after confirmation that the intended recipient received the notice via e-mail or facsimile; (iii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iv) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

8.2 Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties agree that this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if all Parties had prepared it.

8.3 Action or Approval. Whenever action and/or approval by City is required under this Agreement, the City Manager or his or her designee may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his or her discretion that such action or approval requires referral to City Council for consideration.

8.4 Entire Agreement. This Agreement, including exhibits attached hereto and incorporated herein by this reference, contains the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

8.5 Non-Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party charged with or claimed to have waived any such provision.

8.6 Amendment. This Agreement may be amended or modified, in whole or in part, only in writing and only if signed by the Party or Parties to be bound by the amendment or modification.

8.7 Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect unless an essential purpose of this Agreement is defeated by such invalidity or unenforceability.

8.8 No Third Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

8.9 Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship.

8.10 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Riverside County, California.

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by the other Parties. Any executed counterpart of this Agreement may be delivered to the other Parties by e-mail attachment or facsimile and shall be deemed as binding as if an originally signed counterpart was delivered.

SIGNATURES ON FOLLOWING PAGES

IN WITNESS WHEREOF, the Parties have executed this Agreement by their authorized representatives as indicated below.

CITY OF LA QUINTA, a California Municipal Corporation



Digitally signed by Frank J. Spevacek
DN: serialNumber=q8x45h14dsg5g957, c=US, st=California,
l=La Quinta, o=Frank J. Spevacek, cn=Frank J. Spevacek
Date: 2014.10.31 10:44:03 -07'00'

By: _____
Name: _____
Title: _____

Attest:



Digitally signed by City of La Quinta
DN: serialNumber=6fmhzhdhvfjz93cr,
c=US, st=California, l=La Quinta,
o=City of La Quinta, cn=City of La
Quinta
Date: 2014.11.03 08:21:38 -08'00'

City Clerk

Approved as to form:



City Attorney

Address for Notices:

To City Hall:

City of La Quinta
78-495 Calle Tampico
La Quinta, CA 92253
Attention: City Manager

with a copy to:

Rutan & Tucker, LLP
611 Anton Blvd., Suite 1400
Costa Mesa, CA 92626
Attention: William H. Ihrke, Esq.

SIGNATURES CONTINUED ON FOLLOWING PAGES

COUNTY OF RIVERSIDE, a political subdivision of the State of California, and for county-administered special districts and funds.

By: _____

Name: Jeff Stone

Title: Chairman of the Board of Supervisors

Attest by: _____

Approved as to form:


County Counsel Anita C. Wilms, Asst.

Address for Notices:

County of Riverside
Administrative Center
4080 Lemon Street, 5th Floor
Riverside, California 92501

REGIONAL PARKS AND OPEN SPACE DISTRICT, a public agency.

By: _____

Name: Kevin Jeffries

Title: Chairman of the Board of Directors

Attest by: _____

Approved as to form:

District Counsel

Address for Notices:

County of Riverside
Administrative Center
4080 Lemon Street, 5th Floor
Riverside, California 92501