

MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY

HELD

April 3, 2012

A regular meeting of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency was called to order at 5:30 p.m. by Board Chair Bailey in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

Board Members present:

Board Chair Doug Bailey
Board Vice Chair Leroy Mills
Board Member Matt Burton
Board Member Charles Mealey
Board Member Bruce Saltz
Board Member Fred Williams
Board Member Mariellen Yarc

Staff present:

City Manager John Bahorski (Successor Agency)
Successor Agency Counsel Dan Slater
Successor Agency Treasurer Richard Storey
Community Development Director Ted Commerdinger (Successor Agency)
Redevelopment Project Manager Steve Clarke (Successor Agency)
City Clerk/Secretary Denise Basham (Successor Agency)

ORAL COMMUNICATIONS:

None.

NEW BUSINESS:

Item No. 1: APPROVAL OF MINUTES – MEETING OF MARCH 20, 2012.

Board Member Williams requested that on page 4, sixth paragraph, the minutes reflect further clarification of the scheduled Recognized Obligation Payment Schedule.

It was moved by Board Chair Bailey and seconded by Board Member Yarc, that the meeting minutes of March 20, 2012, be approved as amended.

The motion was unanimously carried by the following vote:

AYES: 7 BOARD MEMBERS: Burton, Mealey, Saltz, Williams, Yarc, Mills, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 0 BOARD MEMBERS: None

Item No. 2: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR JANUARY 2012 THROUGH JUNE 2012 AND JULY 2012 THROUGH DECEMBER 2012, AND APPROVAL OF ADMINISTRATIVE BUDGET FOR JANUARY 2012 THROUGH JUNE 2012 AND JULY 2012 THROUGH DECEMBER 2012.

The Successor Agency Treasurer reviewed the Recognized Obligation Payment Schedule (ROPS) for January 2012 through June 2012 which includes the reimbursement agreement, promissory note, County property tax administration, and development assistance. He indicated that the total obligation outstanding balance for the reimbursement agreement is \$408,131.25.

The Successor Agency Treasurer stated that the promissory note obligation is \$25.116 million with a due date of June 20, 2012.

Board Member Williams asked why the Redevelopment Agency would not be paying the entire amount in June 2012 and why not reflect \$2 million in one period and \$25 million in another.

The Successor Agency Treasurer responded that the Redevelopment Agency would be paying based upon the six-month payment schedule and that the City would have to renegotiate the payoff with the Oversight Board's approval.

Board Member Yarc asked when the tax increment ceases.

The Successor Agency Treasurer replied that as the Successor Agency the tax increment would end, however, the Successor Agency would be eligible to get property tax to pay for the debt at the level that is available. He indicated that the County Auditor would have to certify as true debt and approved by the State.

Board Member Mealey asked if the County of Orange pays for the debt.

The Successor Agency Treasurer stated that the Successor Agency is eligible for a minimum of \$250,000 in administrative costs to operate.

Board Member Yarc asked when the administrative costs end.

Successor Agency Counsel responded that in future years the administrative costs would continue at a lower level of 3% instead of 5%.

Board Member Williams asked about the details related to the administrative costs.

Successor Agency Counsel stated that the Successor Agency cannot get more than 25% of debt for the current year.

Board Member Mealey asked how the pass-through agreements payments paperwork varies as compared to the regular paperwork.

The Successor Agency Treasurer stated that payments would be made as if it was the Redevelopment Agency.

Vice Chair Mills asked if there is any information subject to clean up legislation.

The Successor Agency Treasurer indicated that everything can be changed by the Department of Finance based on the County of Orange audit and that there is legislation that could affect this, as well.

Board Member Williams asked why pass-through payments are not on the list.

The Successor Agency Treasurer replied that pass-through payments are now the responsibility of the County of Orange as long as the Successor Agency is getting funds to pay down debt.

Successor Agency Counsel stated that the State, County, and various counties have issued different guidelines for the first pass-through payment schedule.

The Successor Agency Treasurer indicated that the City did receive property tax increments for the first half of Fiscal Year 2011-12 and that there is a pass-through obligation on that amount. He stated that, as directed by the County Auditor/Controller, the City made the pass-through payments and accrued liability into the Redevelopment Agency.

Board Member Saltz asked about cities that have sent pass-through agreements to the State.

Successor Agency Counsel responded that the County Auditor/Controller manages pass through agreements, not the State.

Board Member Burton stated that 23 pass through agreements have been sent to the County of Orange.

Board Member Williams asked if the payment schedules are amendable should something be forgotten.

Successor Agency Counsel responded in the affirmative.

The Successor Agency Treasurer reviewed the ROPS for the period of July 1, 2012 through December 31, 2012, and stated that future Enforceable Obligations Payments total approximately \$60,000 interest only payment due. He indicated that approximately \$134,000 is due for the period of July 1, 2012 through December 31, 2012.

The Successor Agency Treasurer reviewed future ROPS after December 31, 2012, and indicated that over the next five years principal and interest of the debt would be paid. He stated that the last two payments would be made from the Bond Reserve.

The Successor Agency Treasurer briefly reviewed Successor Agency Housing Agency Obligations through June 30, 2012.

Board Member Williams clarified that the Successor Agency Housing Agency Obligations are not Successor Agency obligations.

The Successor Agency Treasurer responded in the affirmative.

Board Member Saltz asked about renegotiating the \$25 million debt.

The Successor Agency Treasurer stated that the County would be informed of the insufficient property tax tax increment, the debt would be restructured, and a payment structure for the Oversight Board's approval would be created.

Board Chair Bailey commented that the outcome is unknown.

Board Member Yarc asked who the negotiating parties are and if the Oversight Board would have an opportunity to provide input.

The Successor Agency Treasurer responded that staff would make a proposal and the Oversight Board would make the decision.

Board Member Saltz asked if a final audit of the Redevelopment Agency was done and if the Successor Agency would get audited.

Successor Agency Counsel stated that a final audit may be required but it is unclear at this time.

The Successor Agency Treasurer stated that City auditors may be required to give an opinion on the Successor Agency.

It was moved by Board Chair Bailey and seconded by Board Vice Chair Mills, that the Board adopt a Resolution approving the Recognized Obligation Payment Schedule for January through June 2012, and for July through December 2012, to be submitted to the State Department of Finance.

The motion was unanimously carried by the following vote:

AYES: 7 BOARD MEMBERS: Burton, Mealey, Saltz, Williams, Yarc, Mills, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 0 BOARD MEMBERS: None

OVERSIGHT BOARD RESOLUTION NO. OB - 3

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY
APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE
FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012, AND
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

It was moved by Board Chair Bailey and seconded by Board Member Williams that the Board approve the Administrative Budget for January through June 2012, and for July through December 2012.

The motion was unanimously carried by the following vote:

AYES: 7 BOARD MEMBERS: Burton, Mealey, Saltz, Williams, Yarc, Mills, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 0 BOARD MEMBERS: None

OVERSIGHT BOARD ITEMS:


No items.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 6:19 p.m. to Tuesday, April 17, 2012, beginning at 5:30 p.m. in the Executive Board Room.



OVERSIGHT BOARD CHAIR

ATTEST:



CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD