

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

HELD

May 15, 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 Bill Ihrke
Successor Agency Treasurer Richard Storey
Redevelopment Project Manager Steve Clarke (Successor Agency)
City Clerk/Secretary Denise Basham (Successor Agency)

Successor Agency Counsel stated that an urgency item needed to be added to the meeting agenda that came up after the posting of the agenda. He informed that there had been an e-mail circulated by the Department of Finance indicating that if a Recognized Obligation Payment Schedule (ROPS) had not been approved by May 25, 2012, or any reconsideration action by the Oversight Board, there was concern that the Successor Agency would not receive a distribution from the County Auditor-Controller for the entire six-month period covering July 1 – December 31, 2012. He stated that the notice and e-mail became known last Friday, May 11, 2012, after distribution of the agenda and that at least five members of the Board would need to vote to add the item to the agenda.

It was moved by Board Chair Bailey and seconded by Board Member Yarc, that the urgency item be added as Item #4 to the meeting agenda.

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

ORAL COMMUNICATIONS:

None.

NEW BUSINESS:

Item No. 1: ADMINISTER OATH OF OFFICE TO BOARD MEMBERS.

The Successor Agency Secretary administered the Oath of Office to the Board Members.

Item No. 2: APPROVAL OF MINUTES – MEETING OF APRIL 3, 2012.

It was moved by Board Member Yarc and seconded by Board Vice Chair Mills, that the meeting minutes of April 3, 2012, be approved.

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. 3: RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) UPDATE (VERBAL REPORT).

The City Manager stated that the Recognized Obligation Payment Schedule (ROPS) for January 1, 2012 through June 30, 2012, was returned by the Department of Finance due to concerns with the promissory note payment, the Orange County tax administration, and formatting. He indicated that staff would be working on the resubmittals and that there may be a potential for the Oversight Board to hold a special meeting prior to the next regular meeting of June 5, 2012.

Successor Agency Counsel indicated that the Oversight Board has a responsibility for implementation for this and that any decision or official action taken by the Oversight Board can be reviewed by the Department of Finance. He informed that the Department of Finance has three business days from the date of this Oversight Board's action to notify the contact person of the actions. He stated that if the Department of Finance does that, then they get 10 more calendar days to review and determine whether or not they will approve the Oversight Board's action or send it back to the Oversight Board for reconsideration.

Successor Agency Counsel informed that once there is the direction for reconsideration, then that decision does not become finally approved until the Oversight Board's acceptance. He stated that under the law, it is specified that on June 1, 2012, the Auditor-Controllers are supposed to make a distribution from this trust fund to pay for former Redevelopment Agency obligations that are supposed to be paid through July – December. He stated that in letter/e-mail communications, the Department of Finance indicated that it wants to have the items that are approved by May 25, 2012, and that the deadline for the Oversight Board to approve the ROPS is June 30, 2012.

Board Chair Bailey asked about the possibility of having to hold a special meeting prior to the next regular meeting of June 5, 2012.

Successor Agency Counsel responded that that would be a possibility and that a special meeting notice would be required should a special meeting be necessary prior to the next regular meeting of June 5, 2012.

Board Member Yarc asked for clarification on the process should the Oversight Board approve this item.

The City Manager stated that this matter would have to go through the process of sending it to the State Controller's office, the Department of Finance, Orange County Auditor-Controller and post it on the City's website.

Board Chair Bailey asked if this process would be necessary for the second set of ROPS.

Successor Agency Counsel replied that the timeframe for the second set of ROPS should not be as compressed.

Board Vice Chair Mills asked about the July through December distribution.

Successor Agency Treasurer stated that the ROPS for the six-month period is \$115,000.

Successor Agency Counsel stated that the Department of Finance has indicated that a list of approved ROPS will be sent.

Item No. 4: (URGENCY ITEM) RECONSIDERATION OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND RESTATED AND RE-ENTERED REPAYMENT AGREEMENT.

The City Manager provided background information on this item.

Board Chair Bailey asked for clarification on the loan agreement providing \$1.3 million to the other taxing agencies, as stated in the Agenda Report.

Successor Agency Treasurer indicated that the former Redevelopment Agency received \$6 million worth of tax increment of which \$2.2 million was passed through to the taxing entities leaving a \$3.8 million balance. He stated that future ROPS would be \$2 million plus \$400,000 of the lease purchase agreement and that amount subtracted from the \$3.8 million would leave a balance of approximately \$1.3 million.

Board Chair Bailey asked for clarification on Proposition 98 funds.

Successor Agency Treasurer informed that Proposition 98 funds are earmarked for grades kindergarten through 14.

Board Member Williams spoke of concerns regarding the letter from the Department of Finance and asked about the parameters of the law.

Successor Agency Counsel stated that the provision of ABX1 26 states that agreements between a City and a former Redevelopment Agency entered into within the first two years would fall under the definition of "enforceable obligations." He stated that there is no reason to the date, as after the two years, a city and Redevelopment Agency could enter into a loan agreement.

Successor Agency Counsel indicated that there is a provision in ABX1 26 that allows the ability to reenter into this type of agreement, and that the Successor Agency could allow for the Oversight Board to allow the agreements to become enforceable obligations.

Successor Agency Treasurer stated that the Successor Agency is asking the Oversight Board to verify that these are true expenditures for the Redevelopment Agency and, therefore, a liability that should be paid, and that the Department of Finance would make the final decision.

Successor Agency Counsel stated that the Oversight Board has decision making authority and discretion to review and determine whether or not to reenter into the agreements.

Board Member Mealey asked about the impact should the State not approve the agreement.

Successor Agency Treasurer responded that it would be a default.

Successor Agency Treasurer provided clarification on the previous redevelopment project areas.

Board Member Williams asked for clarification on AB1585.

The City Manager indicated that AB1585 is an Assembly Bill introduced to correct the oddities in the drafting.

It was moved by Board Chair Bailey and seconded by Board Member Yarc, that the Oversight Board approve Resolution OB-4 for a Restated and Re-Entered Repayment Agreement (loan agreement) between the City in its capacity as a municipal corporation and the Successor Agency.

The motion was carried by the following vote:

AYES: 6 BOARD MEMBERS: Burton, Mealey, Saltz, Yarc, Mills, and Bailey
NOES: 1 BOARD MEMBERS: Williams
ABSENT: 0 BOARD MEMBERS: None

Successor Agency Treasurer informed that a language change would be made to the ROPS changing the term promissory note to Restated and Re-Entered Reimbursement Agreement/Promissory Notes.

It was moved by Board Chair Bailey and seconded by Board Member Mills, that the Oversight Board approve Resolution OB-5 for the revised ROPS for the period January 1, 2012 – June 30, 2012, and the period July 1, 2012 – December 31, 2012 (collectively, the "ROPS"), as amended.

The motion was carried by the following vote:

AYES: 6 BOARD MEMBERS: Burton, Mealey, Saltz, Yarc, Mills, and Bailey
NOES: 1 BOARD MEMBERS: Williams
ABSENT: 0 BOARD MEMBERS: None

Board Member Williams asked if additions could be made to the ROPS.

Successor Agency Counsel responded in the affirmative and that additions would be based on the six-month ROPS review cycle.

The Oversight Board tentatively set a special meeting for Tuesday, May 29, 2012, 1:00 p.m., if it is deemed necessary.

OVERSIGHT BOARD ITEMS:


No items.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 6:34 p.m. to Tuesday, June 5, 2012, beginning at 5:30 p.m. in the Executive Board Room.



OVERSIGHT BOARD CHAIR

ATTEST:



CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD