

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

HELD

August 21, 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
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 JUNE 5, 2012.

It was moved by Board Member Yarc and seconded by Board Vice Chair Mills, to adopt Resolution No. OB-7 approving the meeting minutes of June 5, 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 RESOLUTION NO. OB-7

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY
APPROVING THE MINUTES OF THE OVERSIGHT BOARD
MEETING OF JUNE 5, 2012

Item No. 2: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
FOR JANUARY 1, 2013 THROUGH JUNE 30, 2013.

The Successor Agency Treasurer stated that this is the third Recognized Obligation Payment (ROPS) submission and is for the period of January 1, 2013 through June 30, 2013, and it is projected that it would be for \$2,579,840.

Board Member Saltz asked about the State concerns with the Re-stated and Re-entered Repayment Agreement.

The City Manager commented that the original request to allow the Oversight Board to enter into a re-stated and re-entered loan agreement was rejected by the State but that the Oversight Board could apply for an alternative strategy at the sole discretion of the Department of Finance.

The Successor Agency Counsel stated that one issue of concern is that AB 1484 removes the authority of the Oversight Board for approval of the re-stated and re-entered agreement and that it is likely that the Department of Finance will reject it. He indicated that the Oversight Board may want to consider adding another note in the ROPS note page that if the Department of Finance refuses to recognize the Re-stated and Re-entered Repayment Agreement, that the Successor Agency is reasserting the original agreement as an enforceable obligation.

Board Vice Chair Mills asked if the money needed to be kept track to the penny or could it be rounded up.

The Successor Agency Treasurer responded that for auditing purposes, exact figures are used.

Board Vice Chair Mills asked if the Successor Agency should approve the clarification.

The Successor Agency Counsel responded that the document is okay as is.

It was moved by Board Chair Bailey and seconded by Board Member Williams, to adopt Resolution No. OB-8 approving the Recognized Obligation Payment Schedule (ROPS) for January 1, 2013 through June 30, 2013, with clarification to the optional notes page that should the Re-stated and Re-entered Repayment Agreement approved by the Oversight Board not be recognized, the Successor Agency to the Cypress Redevelopment Agency and the City of Cypress reserve the right to recognize the original Promissory Note as a disputed recognized obligation.

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

RESOLUTION NO. OB-8

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2013

Item No. 3: BRIEFING ON AB 1484 – REDEVELOPMENT DISSOLUTION/UNWIND TRAILER BILL (VERBAL UPDATE).

The Successor Agency Counsel stated that AB 1484 changed the final authority of the Oversight Board, shifting it to the Department of Finance by eliminating the ability of Oversight Boards to approve re-entered agreements and that there are more administrative functions for the Oversight Board. He indicated that the Legislature decided that Successor Agencies are outside/separate agencies from cities.

The Successor Agency Counsel informed of the new procedures including the repayment of City loans and the incentives to the Successor Agencies. He informed of the process leading to the Finding of Completion due diligence review audit of low/moderate income housing fund that needs to be done by October 1, 2012, submitted to the Oversight Board for approval and sent to the Department of Finance by October 15, 2012. He stated that the Oversight Board must take public testimony prior to review/audit approval.

The Successor Agency Counsel stated that the interest rate for the repayment of City loans cannot be higher than the Local Agency Investment Fund (LAIF) rate and that any repayments must have 20% set aside in a new City affordable housing account. He

indicated that there is a formula that would limit the amount the City could get in any year. He stated that the first repayment year is 2013-2014 and it is hoped that by that time there would be more clarity on the lawsuits.

The Successor Agency Counsel indicated that the Finding of Completion allows the Successor Agency to submit a property management plan that would allow the Successor Agency to identify how it proposes to dispose of real property that was/is owned by the Dissolved Cypress Redevelopment Agency.

The Successor Agency Counsel stated there is a new meet and confer process in the new legislation that requires the Department of Finance to communicate with the Successor Agencies. He commented that there is another audit obligation which adds more administrative burdens on the Successor Agencies. He commented that there have been meetings with the Department of Finance and auditors to come up with agreed upon procedures for the due diligence audit. He informed that the League of California Cities put out a memo with recommendations on how to communicate with the Department of Finance if the audit is not completed on time.

Board Member Williams asked if there is any property to dispose of and asked for clarification of the process should the ROPS be rejected.

Board Chair Bailey responded that there is no property to dispose of.

The Successor Agency Counsel stated that the decision on whether or not the ROPS is worth pursuing is to be made by the City Council since the City, as the lender, may not want to receive the loan funds back under those terms.

Board Member Yarc asked if the loan term is still discretionary.

The Successor Agency Counsel stated that the loan terms have been laid out in law and that the Department of Finance must be reasonable.

Board Member Mealey asked if the purpose of AB 1484 was to consolidate power.

The City Manager commented that gaps that cities found with AB 26 were plugged with AB 1484 and if gaps are found with AB 1484, there could be another bill.

Board Member Williams asked if the next step is to wait and find out from the Department of Finance, then the City would decide how to proceed.

The Successor Agency Counsel responded in the affirmative and stated that the Finding of Completion process would take six months to one year. He stated that the low/moderate funds are not part of the housing assets that were transferred to the City as the housing successor.

Board Member Williams asked about litigation by local cities and how that might change current issues being considered.

The Successor Agency Counsel stated that there is a new piece of litigation and that the City of Cypress is involved in a case with the City of Cerritos and six other cities which will ultimately result in a Court of Appeal hearing. He further indicated that there is a group of cities filing to challenge AB 1484.

The City Manager commented that there are a lot of cities in San Diego County who have filed to challenge AB 1484.

The Successor Agency Counsel stated that there is a lawsuit by one of the bond insurers and that it is the first lawsuit from the bond community arguing that AB 26 and AB 1484 violate the rights of bond insurers and bond holders they are insuring.

Board Member Saltz asked if the State would take the pass-thru revenues.

The Successor Agency Counsel responded that he has not heard that.

Board Member Williams replied that it was tried as part of the State's budget deliberations.

Board Member Saltz asked if the revised ROPS would be sent to the Board Members.

The City Manager responded in the affirmative and stated that everything would be sent to the County Auditor-Controller, Department of Finance, and the State Controller's Office.

The Successor Agency Counsel responded that the audit is available for public review prior to approval by the Oversight Board.

OVERSIGHT BOARD ITEMS:


No items.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 6:28 p.m. to Tuesday, September 4, 2012, beginning at 5:30 p.m. in the Executive Board Room.



OVERSIGHT BOARD CHAIR

ATTEST:



CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD