

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

HELD

September 1, 2015

A regular meeting of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency was called to order at 5:00 p.m. by Board Chair Bailey in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

Board Members present:

Board Chair Doug Bailey
Board Member Matt Burton
Board Member George O'Hara
Board Member Bruce Saltz
Board Member Fred Williams
Board Member Mariellen Yarc

Board Members absent:

Board Member Jon Peat

Staff present:

City Manager Peter Grant (Successor Agency)
Jeff Melching (Successor Agency Counsel)
Redevelopment Project Manager Steve Clarke (Successor Agency)
Assistant Director of Finance and Administrative Services Donna Mullally
City Clerk/Secretary Denise Basham (Successor Agency)

ORAL COMMUNICATIONS:

None.

NEW BUSINESS:

Item No. 1: ELECTION OF OVERSIGHT BOARD VICE CHAIR.

It was moved by Board Member Saltz and seconded by Board Chair Bailey, that the Oversight Board elect Board Member Yarc to serve as the Oversight Board Vice Chair.

The motion was carried by the following vote:

AYES: 6 BOARD MEMBERS: Burton, O'Hara, Saltz, Williams, Yarc, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 1 BOARD MEMBERS: Peat

Item No. 2: APPROVAL OF MINUTES – MEETING OF FEBRUARY 3, 2015.

It was moved by Board Vice Chair Yarc and seconded by Board Member Burton, to adopt Resolution No. OB-33 approving the meeting minutes of February 3, 2015.

The motion was carried by the following vote:

AYES: 5 BOARD MEMBERS: Burton, Saltz, Williams, Yarc, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 1 BOARD MEMBERS: Peat
ABSTAIN: 1 BOARD MEMBERS: O'Hara

OVERSIGHT BOARD RESOLUTION NO. OB-33

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 FEBRUARY 3, 2015

Item No. 3: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 15-16B) FOR THE PERIOD JANUARY 1, 2016 THROUGH JUNE 30, 2016.

Board Member Burton indicated that the Recognized Obligation Payment Schedule (ROPS 15-16B) for the period January 1, 2016 through June 30, 2016 totals \$8.9 million. He stated that the ROPS includes Enforceable Obligations, Lease Revenue Bonds, and ongoing litigation costs. He informed that \$8.3 million in principal and interest is being requested for the Re-stated and Re-Entered Repayment Agreement approved by the Oversight Board in May 2012.

Board Member Williams asked if \$25 million is a component of the litigation costs associated with the Successor Agency's lawsuit against the State Controller's Office.

Board Member Burton responded in the affirmative, and clarified that litigation includes the 13 acres of land and the notes with the City. He stated that the ROPS includes administrative costs that include staff, legal, and audit fees.

Board Member Williams asked for clarification on the litigation costs.

Board Member Burton stated that legal counsel, Rutan & Tucker, has estimated the litigation cost to be \$275,000 with the final installment of \$85,000, and that only a fraction of the total amount has been spent.

The Successor Agency Counsel indicated that pending legislation could remedy Successor Agency litigation.

It was moved by Board Vice Chair Yarc and seconded by Board Member O'Hara, that the Oversight Board to the Dissolved Cypress Redevelopment Agency adopt Resolution No. OB-34 approving and adopting the Recognized Obligation Payment Schedule (ROPS 15-16B) for the period of January 1, 2016 through June 30, 2016.

The motion was carried by the following vote:

AYES: 6 BOARD MEMBERS: Burton, O'Hara, Saltz, Williams, Yarc, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 1 BOARD MEMBERS: Peat

OVERSIGHT BOARD RESOLUTION NO. OB-34

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 15-16B) FOR THE
PERIOD JANUARY 1, 2016 THROUGH JUNE 30, 2016.

Item No. 4: ADOPTION OF THE ADMINISTRATIVE BUDGET FOR THE CYPRESS SUCCESSOR AGENCY FOR THE SIX-MONTH PERIOD OF JANUARY 1, 2016 THROUGH JUNE 30, 2016.

Board Member Burton indicated that the Oversight Board is requested to adopt a Resolution for the Successor Agency administrative budget for the six-month period of January 1, 2016 through June 30, 2016, in the amount of \$19,265.

Board Vice Chair Yarc asked about the \$815 land lease.

Board Member Burton responded that the \$815 land lease is a continuation of the right-of-way land lease with the Orange County Transportation Authority that was previously paid with Redevelopment Agency monies.

Board Member O'Hara asked about the Oversight Board's association with the Successor Agency.

Board Member Burton indicated that the Successor Agency Board is the City Council.

The Successor Agency Counsel indicated that the Successor Agency Board is the Successor Agency to the Redevelopment Agency. He stated that when the Redevelopment Agency was dissolved, its assets and obligations were transferred to the Successor Agency Board, which is comprised of the same members as the City Council. He commented that the Successor Agency Board is responsible for winding down the assets and obligations of the former Redevelopment Agency, and that the Oversight Board oversees the activities and approvals of the City and the Successor Agency.

It was moved by Board Member Williams and seconded by Board Vice Chair Yarc, that the Oversight Board to the Dissolved Cypress Redevelopment Agency adopt Resolution No. OB-35 approving and adopting the administrative budget for the Successor Agency for the six-month period of January 1, 2016 through June 30, 2016.

The motion was carried by the following vote:

AYES: 6 BOARD MEMBERS: Burton, O'Hara, Saltz, Williams, Yarc, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 1 BOARD MEMBERS: Peat

OVERSIGHT BOARD RESOLUTION NO. OB-35

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE
ADMINISTRATIVE BUDGET FOR THE SIX-MONTH PERIOD OF
JANUARY 1, 2016 THROUGH JUNE 30, 2016.

OVERSIGHT BOARD INFORMATIONAL ITEMS & ANNOUNCEMENTS:

Board Member Williams asked about the status of the lawsuit.

The City Manager clarified that the lawsuit was filed by the Successor Agency and that Mr. Melching is the Successor Agency's legal counsel. He stated that there is a potential conflict between the Successor Agency and the Oversight Board and that the Successor Agency/City Council has not given permission to waive the attorney/client privilege.

The Successor Agency Counsel replied that the City filed a lawsuit originally for \$43 million with \$25 million in City loans by the City to the Redevelopment Agency. He stated that \$18 million is the value of the property transferred by the Redevelopment Agency to the City in exchange for a reduction to the loan. He stated that when the lawsuit was originally filed, \$43 million in obligations should be honored. He informed that loans were honored by the State for cities and agencies that had re-entered into their loan agreements within a 13-month period of time, therefore the City of Cypress' \$43 million loan should be honored. He stated that legislation adopted at the end of the 13-month period allowed cities and redevelopment Agencies to also re-affirm their loan obligations which means to accept a severely diminished interest rate and commit 20 percent of the return of the proceeds set aside for affordable housing. He indicated that the City of Cypress has re-entered the loan obligations and that the State is receptive to settling the dispute.

Board Chair Bailey asked about the demand letter received by legal counsel regarding transferring the land back.

The Successor Agency Counsel responded that the Attorney General cannot force a property transfer.

Board Chair Bailey asked about the potential settlement by year's end.

The Successor Agency Counsel indicated that progress is being made with the State Department of Finance, however the State moves very slowly.

Board Vice Chair Yarc asked if there is a time concern with the threat of losing the claims.

The Successor Agency Counsel responded no, and stated that the litigation would likely go to court by July 2016.

Board Vice Chair Yarc asked about the new Assembly Bill.

The Successor Agency Counsel responded that AB 113 was pulled off of the Senate Budget Committee Agenda due to lack of Senate votes, however efforts are being made for it to be on the Assembly side.

Board Vice Chair Yarc asked what would occur should AB 113 pass.

The Successor Agency Counsel responded that the passing of AB 113 would not be inherently harmful to the City or the Successor Agency because the agreement had been re-entered into. He stated that AB 113 states that if a loan was re-affirmed, that will be honored, however the term "loan" has been redefined.

Board Member Williams spoke of litigation throughout the State and asked if progress has been made with other redevelopment agency cases.

The Successor Agency Counsel replied that there has been one City and one County with re-entered agreements that have been honored by the Court of Appeals.

Board Chair Bailey spoke regarding AB 26 and AB 27.

The City Manager clarified that the settlement would be between the Successor Agency and the State, not the Oversight Board.

Board Chair Bailey asked if the Oversight Board votes on a settlement.

The City Manager replied in the affirmative.

Board Chair Bailey asked if the Oversight Board would need to obtain its own counsel.

The Successor Agency Counsel responded in the affirmative.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 5:35 p.m. to Tuesday, September 15, 2015, beginning at 5:00 p.m. in the Executive Board Room.



OVERSIGHT BOARD CHAIR

ATTEST:



CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD