

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF TRACY
COMMUNITY DEVELOPMENT AGENCY

REGULAR MEETING MINUTES

September 2, 2014, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

1. CALL TO ORDER - Chair Sensibaugh called the meeting to order at 3:30 p.m.
2. ROLL CALL - Roll call found Chair Sensibaugh, Board Members Borwick, Maciel, Foley, and Khan present; Board Members Miller and Puentes-Griffith absent. Also present were Robert Harmon, Senior Accountant, and Adrienne Richardson, Recording Secretary.
3. ITEMS FROM THE AUDIENCE – None
4. APPROVAL OF MINUTES – It was moved by Board Member Maciel and seconded by Board Member Borwick to approve the regular meeting minutes of February 4, 2014. Voice vote found all in favor; passed and so ordered.
5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) – Robert Harmon, Senior Accountant provided the staff report. Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of ABX1 26 and replaced them with successor agencies. The Tracy City Council elected to serve as the successor agency for the former City of Tracy Community Development Agency (CDA). The City Council previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA. The law now requires that successor agencies adopt a Recognized Obligation Payment Schedule (ROPS) twice a year listing all enforceable obligations proposed for payment and the Oversight Board approve the ROPS. The ROPS schedule attached to the staff report is for the period January 1, 2015, through June 30, 2015, and lists the Enforceable Obligations in a format prescribed by the state Department of Finance (DOF).

The ROPS 14-15B was approved by resolution of the Successor Agency on August 19, 2014.

The request includes the minimum \$125,000 allowed for Successor Agency administration costs reduced by \$1,100 in prior period adjustments for unspent funds. Any unspent administrative cost allowance is now used to offset future requests. The remaining \$2,548,993 is for outstanding debt obligations of the former CDA including \$1,540,522 for 2003 Tax Allocation Bond A payments, \$996,471 for 2003 Tax Allocation Bond B payments, and \$12,000 for bond trustee expenses. These bond payments will continue through 2034 for the Tax Allocation Bonds and 2038 for the Lease Revenue Bonds.

There is no fiscal impact. Recognized obligations are paid from property tax revenue previously allocated to the City of Tracy CDA.

Staff recommended that the Oversight Board adopt a resolution approving the Recognized Obligation Payment Schedule 14-15B of the former Tracy Community Development Agency for the period January 1, 2015, through June 30, 2015.

Chair Sensibaugh stated he did not recall seeing the custodial item on the ROPS previously. Mr. Harmon responded Custodial shows up on every other ROPS as it is paid annually. The custodian handles the bond residuals and the bond set asides and these fees run between \$9,000 and \$11,000 a year, so \$12,000 was budgeted. The amounts are reconciled 12 months after the fact and anything that is left over reduces the next ROPS. The Supplemental Educational Revenue Augmentation Fund (SERAF) is one item shown on the ROPS that has not been there in the past. The SERAF is a loan that was made from the CDA to the State.

Chair Sensibaugh asked if the SERAF loan was redevelopment. Mr. Harmon responded redevelopment advanced funds to the State.

Board Member Borwick responded the Low-Moderate Income Housing Fund (LMIHF) lent money to the regular CDA fund because the CDA Fund did not have money. This was how most RDA's handled it. Once repaid, these funds will be returned to the LMIHF.

Mr. Harmon stated the Low-Mod Incoming Housing Fund loaned money to the CDA in order for CDA to make the debt service payments. The Dept of Finance won't allow scheduled repayment until a Finding of Completion is received. Following a Finding of Completion, staff will go through a calculation, create a payment schedule and bring it back to the Oversight Board to show how that obligation will be repaid. The DOF will only authorize payment if there are sufficient funds in the RPTTF, and then only according to the OB approved payment schedule. Mr. Harmon further stated he listed the item on the ROPS in preparation of the issue being resolved in approximately one year.

Chair Sensibaugh asked if Mr. Harmon was referring to the \$12,000. Mr. Harmon responded no it is the \$2,803.520.00 amount. The State previously advised not to list the SERAF on the ROPS but now the State is requesting it be listed.

Board Member Maciel asked for confirmation that the change to the reporting of the SERAF was at the request of the State. Mr. Harmon responded yes.

Board Member Maciel asked if prior to that, the State did not want it listed. Mr. Harmon confirmed it was not previously listed and the State sent a letter stating the item can now be listed.

It was moved by Board Member Maciel and seconded by Board Member Borwick to adopt Resolution OB2014-002, a Resolution of the Oversight Board of the Successor Agency of the Tracy Community Development Agency approving the Recognized Obligation Schedule (ROPS) of the Tracy Community Development Agency. Voice vote found all in favor; passed and so ordered.

6. UPDATE ON LITIGATION WITH DEPARTMENT OF FINANCE – Dan Sodergren, City Attorney, provided the update. The City of Tracy and the Successor Agency filed a challenge to the final determination from the State Department of Finance (DOF) directing the Successor Agency to submit \$2.3 million for distribution to other tax agencies. This money was previously committed through third party contracts for the Downtown Plaza projects and the Westside Market purchase. The City recently received the Order from the Superior Court denying the petition. Mr. Sodergren stated he will be taking a request to City Council and the Successor Agency on September 2, 2014, requesting direction on whether to file an appeal on the case. Mr. Sodergren provided background on the case. Mr. Sodergren stated he could provide copies of the Superior Court's judgment to the board members.

Chair Sensibaugh asked when the litigation is complete would there be any action required by the Oversight Board to the Successor Agency for the Community Development Agency. Mr. Sodergren responded not by the Board. The issue will not be resolved for at approximately a year.

7. UPDATE ON STATE CONTROLLER'S OFFICE AUDIT – Robert Harmon, Senior Accountant, provided the update. Under AB X1 26, the State Controller's office was required to perform an audit of all the transactions and property transfers during the period of February 1 through June 30, 2011. The State Controller's office performed the audit. The State Controller's Office did not find anything wrong or that they disagreed with, with the exception of what is already in litigation. Mr. Harmon added the audit reports are being delayed for Redevelopment Agencies that are in litigation. The State Controller's Office indicated the report will be delivered once the judge has issued his opinion.

Chair Sensibaugh asked if the audit was charged to the City. Mr. Harmon responded no. The State Controller's Office performs audits at the City several times a year and there is never a charge.

8. ITEMS FROM THE AUDIENCE – Tracy resident Robert Tanner asked if the Agency is obligated to pay back to the City the \$10 million bond obligation shown on the Recognized Obligation Payment Schedule Detail (ROPS). Robert Harmon, Senior Accountant responded the \$10 million is the outstanding debt amount. The Successor Agency makes annual payments of \$400,000 and there is 20 years remaining. The \$400,000 payment shows up on every other ROPS. This represents the CDA's share of jointly issued bonds.
9. ADJOURNMENT - It was moved by Board Member Maciel and seconded by Board Member Khan to adjourn at 3:47 p.m. Voice vote found all in favor; passed and so ordered.

Chair

Successor Agency Secretary