

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

REGULAR MEETING MINUTES

**Tuesday, September 3, 2013, 3:30 p.m.**

City Council Chambers, 333 Civic Center Plaza

Web Site: [www.ci.tracy.ca.us](http://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, Vice Chair Maciel, Board Members Borwick, Khan, Puentes-Griffith, and Thomas present; Board Member Miller absent.

3. ITEMS FROM THE AUDIENCE

None

4. APPROVAL OF MINUTES

It was moved by Vice Chair Maciel and seconded by Board Member Borwick to approve the April 2, 2013 minutes by resolution. Board Member Khan abstained. Board members Borwick, Maciel, Puentes-Griffith, Thomas, and Chair Sensibaugh in favor, none opposed. Minutes approved.

5. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULES (ROPS)

Mr. Harmon provided a staff reported to the board. Mr. Harmon explained that this item is to approve, through resolution, the ROPS approved at the Tracy City Council meeting on August 20, 2013.

Mr. Harmon mentioned that administrative expenses are still being requested at \$125,000. However, staff expenses have decreased and he anticipates administrative costs to decrease as well.

Mr. Harmon stated anticipating some legal expenses of approximately \$75,000 to \$100,000 within the next six months. He notes that what is not used will carry over and will be applied to future expenses. It takes approximately 12 months to reconcile actual administrative costs to requested administrative allocation due to the State process.

Board Member Thomas asked Mr. Harmon to explain again what is allocated to the City.

Mr. Harmon explained that there is \$250,000 in administrative expenses allowed annually. The City is not required to use the entire amount, but the State requires the

City to request an allocation. Mr. Harmon mentioned that the City is in the process of analyzing the allocation requests due to the decrease in administrative tasks.

Chair Sensibaugh asked Mr. Harmon if the \$250,000 is a cap, to which Mr. Harmon responded that the cap is 2% of obligations with a minimum of \$125,000 per ROPS period, but there must be enforceable obligations.

Board Member Khan mentioned that not every agency is in litigation with the State and asked Mr. Harmon to explain further the expected legal expenses.

Mr. Harmon stated that the State denied most of the items on the City's Other Funds Due Diligence Review, including funding granted to the City for the redevelopment of the Downtown Plaza. After a meet and confer session, the State continued to deny the \$4.4million grant for the Downtown Plaza project. The Successor Agency filed suit against the Department of Finance in August. Mr. Harmon mentioned that from this point, it becomes very expensive for all involved as the parties move through the process. The City's legal staff feels the City did everything properly.

This litigation, however, is separate from the other agencies. Mr. Harmon mentioned that the last he heard there were 89 agencies' lawsuits against the Department of Finance regarding the Due Diligence Review.

Mr. Harmon stated that of the \$4.4 million for the redevelopment of the Downtown Plaza which the State is requiring to be returned, \$2.2 million would be unspent bond funds that would remain with the Successor Agency.

Board Member Khan asked if the Department of Finance can withhold state funding to the City.

Mr. Harmon mentioned the Department of Finance does have the authority to withhold funding under the Redevelopment Act; however, this is also being litigated. Mr. Harmon stated that to his knowledge, the Department of Finance has not yet exercised that authority and withheld funding from any City.

Chair Sensibaugh mentioned that the Successor Agency has a roll in the process and will need to be careful when proceeding. He stated the Successor Agency will need to confer with its attorney.

Mr. Harmon stated the Department of Finance has established a very rigid system in which they perform the review, they make the determination, and they handle the appeals. If an appeal is denied, they have the authority to direct the auditor to withhold funding. Mr. Harmon also mentioned there is no appeal process beyond the meet and confer, and analysts are unavailable to discuss the process. Litigation is the only remaining recourse for the City.

Chair Sensibaugh acknowledges the process is complicated and appreciates Mr. Harmon's efforts.

Mr. Harmon mentioned that the City held a meet and confer regarding the \$400,000 ROPS obligation that was denied by the Department of Finance. The City had a meet and confer session with the Department of Finance, to which they came back and said they were not making a decision. The last ROPS again had the \$400,000 annual payment included and it was approved by the Department.

Chair Sensibaugh stated that for future agenda's, we should place a routine item on the agenda to keep the board up to date.

It was moved by Vice Chair Maciel and seconded by Board Member Khan to approve a resolution approving the Recognized Obligation Payment Schedule of the Tracy Community Development Agency. All Board Members in favor. Board Member Miller absent. Resolution approved.

6. ITEMS FROM THE AUDIENCE

None.

7. BOARD MEMBER ITEMS

None.

8. ADJOURNMENT

It was moved by Vice Chair Maciel and seconded by Board Member Khan to adjourn.

Time 3:50 p.m.

  
Chair

  
Successor Agency Secretary