

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

REGULAR MEETING MINUTES

Tuesday, August 7, 2012, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

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

1. Chair Sensibaugh called the meeting to order at 3:30 p.m.
2. Roll call found Board Members Borwick, Khan, Miller, and Chair Sensibaugh present; Vice Chair Ives, Board Members Thomas and Yatooma absent. Scott Anderson was in attendance as an alternate for Board Member Thomas.
3. The minutes of June 5, 2012, were approved as submitted.
4. **DISCUSS AND PROVIDE DIRECTION ON THE SELECTION OF OVERSIGHT BOARD LEGAL COUNSEL**

Dan Sodergren, City Attorney, provided the staff report. Mr. Sodergren stated that the City Attorney's Office currently serves as legal counsel to the Successor Agency to the former City of Tracy Community Development Agency. As was pointed out at the May 1, 2012 Oversight Board meeting, there may be times when the interests of the Oversight Board and the Successor Agency will differ. When such a conflict arises, the Oversight Board should be represented by separate legal counsel.

The City of Stockton's Oversight Board has chosen Betsy Strauss as its counsel. Ms. Strauss has substantial experience representing local agencies and oversight boards.

Staff recommended that the Oversight Board also use Betsy Strauss as its counsel. This arrangement would provide for some uniformity of advice and would allow for some types of legal advice and training to be consolidated.

The costs related to the Oversight Board Legal Counsel would be reflected in the ROPS.

Staff recommended the Oversight Board provide direction on the selection of Oversight Board Legal Counsel.

Board Member Khan asked what the cost was for counsel. Mr. Sodergren indicated it was \$250 per hour which was the going rate.

Mr. Anderson indicated Stockton set it up to use Counsel on an as-needed basis and that she would be available for conference calls, and asked if that was the same understanding. Chair Sensibaugh confirmed that was how Stockton had set it up.

It was moved by Board Member Khan and seconded by Board Member Anderson to direct the Successor Agency to enter into a contract with Betsy Strauss on behalf of the Oversight Board. Voice vote found Board Members Borwick, Khan, Miller, Alternate Member Anderson and Chair Sensibaugh in favor; Board Member Yatooma and Vice Chair Ives absent.

Vice Chair Ives joined the meeting at 3:37 p.m.

5. DISCUSSION AND UPDATE REGARDING AB 1484

Andrew Malik, Development Services Director, provided the staff report. Mr. Malik stated that ABx126 was enacted in late June 2011 as part of the FY 2011-12 State budget. Under ABx126, each of California's redevelopment agencies was dissolved as of February 1, 2012. As part of the FY 2012-13 State budget, on June 27, 2012, the Legislature passed and the Governor signed AB 1484. The primary purpose of AB 1484 was to make technical and substantive amendments to ABx126 based on experience to-date at the State and local level in implementing the act.

AB 1484 would require those involved in the redevelopment unwind process to learn and implement some significant new rules and to respond to the state by new deadlines.

AB 1484 established a catch-up process for the distribution of 2011-12 property taxes associated with the dissolution of redevelopment agencies. By July 9, 2012, the county auditor-controller must have calculated and sent an amount of residual property tax revenue that Successor Agencies owe to cities, counties, special districts, etc., for the period covered by the January 2012 through June 2012 Recognized Obligation Payment Schedule (ROPS). By July 12, 2012, the Successor Agencies must have remitted payment to the county auditor-controller the residual property tax revenue.

For the City of Tracy (Successor Agency), the calculation from the county auditor-controller was \$0. The County notified the City of the \$0 calculation on July 11, 2012.

AB 1484 requires Housing Successor Agencies to provide the Department of Finance (DOF) a list of all housing assets transferred to it by the Successor Agency since February 1, 2012. The list was due to the DOF by August 1, 2012.

By October 1, 2012, and January 15, 2013, Successor Agencies must provide the DOF with an Oversight Board-approved Due Diligence Review that has been prepared by a licensed accountant. The Due Diligence Review will list all encumbered and unencumbered low-and-moderate income housing fund assets, and will state whether or not those assets are encumbered by Enforceable Obligations.

The County Auditor-Controller has approved Moss, Levy & Hartzheim to prepare the Due Diligence Review.

Staff recommended that the Oversight Board discuss AB 1424 and provide direction.

Mr. Johnston added regarding the audit due October 1, 2012, all of the CPA firms will refrain from engaging in the audit until the DOF provides more information regarding the parameters of the audit and none of the CPA firms are signing any engagement letters.

Mr. Malik stated that if the audit is not done by the meeting scheduled for September 4, a special meeting may be necessary for later September to meet the October 1 deadline.

Chair Sensibaugh referred to Exhibit D and asked if the loans were to individuals. Mr. Malik stated yes, either through the down payment assistance or rehabilitation loan programs. Mr. Johnston referred to the due dates and pointed out that some of the

larger loans were not due until way into the future which keeps housing money tied up for extended periods of time.

Chair Sensibaugh asked if those payments would come back to the Successor Agency. Mr. Johnston stated yes. Board Member Khan asked if the Successor Agency was also the City of Tracy. Mr. Johnston stated yes.

The report was accepted.

6. OVERSIGHT BOARD OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY APPROVING THE RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE (ROPS)

Zane Johnston, Finance and Administrative Services Director, provided the staff report. Mr. Johnston stated that the State of California through the passage of ABX1 26 dissolved redevelopment agencies effective February 1, 2012 and replaced them with successor agencies. The City of Tracy previously elected to serve as the successor agency for our former redevelopment agency. Previously the City Council approved an Enforceable Obligation Payment Schedule (EOPS) which listed the various financial obligations of the former Tracy Community Development Agency. The law now requires that a Recognized Obligations Payment Schedule (ROPS) be adopted which will list all enforceable obligations proposed for payment between January 1, 2013 and June 30, 2013. Approved ROPS for this period are due to be filed with the State by September 1, 2012.

This action will approve the Recognized Obligations Payment Schedule which lists the various obligations of the former Tracy Community Development Agency which requires payment between January 1, 2013 and June 30, 2013.

Recognized obligations are paid from property tax revenue that previously were allocated to the Tracy Community Development Agency. The County Auditor will make these funds available for the obligations.

Staff recommended that the Oversight Board approve the Recognized Obligation Payments Schedule of the former Tracy Community Development Agency.

Chair Sensibaugh stated he appreciated the budget that Mr. Johnston provided. Chair Sensibaugh asked for clarification regarding an increase from \$1.7 million to \$2.8 million and asked if it was for bonds. Mr. Johnston indicated the total outstanding obligation should be going down with each ROPS.

Board Member Yatooma joined the board at 3:55 p.m.

Chair Sensibaugh asked if the \$820,000 was paid yearly. Mr. Johnston stated the principal was paid once per year and interest paid twice yearly.

It was moved by Board Member Khan and seconded by Vice Chair Ives to approve the ROPS and budget. Voice vote found all in favor; passed and so ordered.

7. Items from the Audience – None.

8. Board Member Items

Mr. Malik indicated that while the due diligence audit may not be complete before the September 4 meeting, The September 4, 2012 meeting will be cancelled and a special meeting scheduled for late September.

Mr. Miller asked if the concerns regarding legal liabilities had been taken care of. Chair Sensibaugh indicated the outside counsel should take care of the Board's concerns.

Chair Sensibaugh asked if the Board would be treated as any city employee. Mr. Sodergren stated it was a good question to ask the new Counsel and added it was also spelled out in AB 1424.

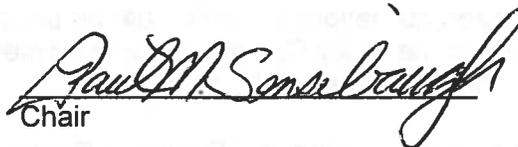
Mr. Miller stated he was still uncomfortable regarding any liability as a Board member. Mr. Sodergren indicated he would have the Counsel contact the Chair regarding this issue. Vice Chair Ives indicated it should be uniform across-the-board for all Oversight Boards. Mr. Sodergren stated it was in the legislature but the Board could receive an interpretation from Counsel.

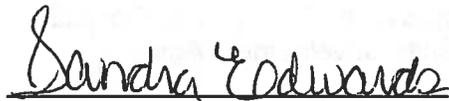
Board Member Anderson asked staff if they believed the City would spend more than the \$250,000 on administrative costs. Mr. Johnston stated the City won't receive anymore than \$250,000 and since then, it wouldn't make sense to budget for more than that amount. Mr. Malik indicated it was feasible that more than \$250,000 could be spent. Board Member Anderson suggested that as things simplify maybe the \$250,000 would go down.

9. Adjournment

It was moved by Vice Chair Ives and seconded by Board Member Anderson to adjourn.

Time 4:07 p.m.


Chair


City Clerk