

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

SPECIAL MEETING MINUTES

Tuesday, May 1, 2012, 3:30 p.m.

City Council Chambers, 333 Civic Center Plaza

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

1. Board Member Ives called the meeting to order at 3:31 p.m.
2. Roll call found Board Members Borwick, Ives, Khan, Miller, and Sensibaugh present. Board Member Thomas joined the meeting at 3:34 p.m.
3. Assistant City Clerk Carole Fleischmann provided the Oath of Office.
4. Andrew Malik provided an introduction of staff and asked each member to introduce themselves.

Board Member Yatooma joined the meeting at 3:37.

5. It was moved by Board Member Khan and seconded by Board Member Yatooma to nominate Board Member Sensibaugh as the Chair. Voice vote found all in favor; passed and so ordered. Chair Sensibaugh asked for a motion for Vice Chair. It was moved by Board Member Khan and seconded by Chair Sensibaugh to nominate Board Member Ives as Vice Chair. Voice vote found all in favor; passed and so ordered.
6. DISCUSS THE GENERAL DUTIES AND RESPONSIBILITIES OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY AND THE REQUIREMENTS OF THE BROWN ACT

Andrew Malik stated that in the packet provided to the board members was a list of duties of the Oversight Board which includes monitoring the winding down of the operations of the Successor Agency and overseeing that its obligations are met.

Vice Chair Ives asked how often did staff believe the Oversight Board would be meeting and how long would the meetings last. Mr. Malik stated the bylaws call for monthly meetings and if needed, special meetings could be called. Board Member Yatooma indicated he serves on several oversight boards and they were going to hold them monthly. Board Member Miller asked how long it was going to take to care for the affairs of the Agency. Chair Sensibaugh stated he was not sure, but believed the ROPS would take the longest. Vice Chair Ives asked how long would it take to wind down the affairs of the Agency. Other members indicated until 2016. Discussion ensued regarding various scenarios and time frames.

City Attorney Dan Sodergren indicated he was counsel to the City and the Successor Agency and there may be times when the interests of the Oversight Board would be in conflict with the interests of the City and the Successor Agency and in those cases he was prohibited from representing both the Oversight Board and the Successor Agency. Given that conflict, Mr. Sodergren stated other cities have hired separate counsel while others have put off decisions until an outside representative could be hired. Mr. Sodergren further stated he was available for general questions such as Brown Act or

Conflict of Interest items, but substantive items that may cause a conflict, he could not advise the Board. Mr. Sodergren stated he could provide a list of names of attorneys who may be willing to represent them.

Chair Sensibaugh stated he appreciated that Mr. Sodergren was available for the first meeting and agreed that the Oversight Board could continue to use the services of Mr. Sodergren until a conflict did arise. Vice Chair Ives agreed. Board Member Khan stated other agencies discussed having a joint counsel for all of the Oversight Boards. Chair Sensibaugh suggested Mr. Sodergren contact the City of Stockton and return with an agenda item for the Board's consideration.

Mr. Sodergren discussed the Brown Act and the Political Reform Act (Conflict of Interest). Board Member Khan asked for clarification regarding Form 700. Mr. Sodergren indicated the form needed to include an original signature (wet copy). Chair Sensibaugh asked if he should file one with the Board of Supervisors. Mr. Sodergren indicated he should file one there and one here.

7. **ADOPT A RESOLUTION ADOPTING THE BY-LAWS FOR THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE TRACY COMMUNITY DEVELOPMENT AGENCY.**

Andrew Malik provided an outline of the by-laws. Board Member Khan asked if they needed to have alternates noted in the by-laws. Mr. Sodergren stated it was not a requirement or the law, but could be added if the Board wanted to. Board Member Yatooma suggested adopting the bylaws as written, receive input and then amend them if necessary. Chair Sensibaugh stated there was something in the bylaws that indicated they can be amended from time to time.

Chair Sensibaugh asked what rules of order was the Board going by. Mr. Sodergren indicated either Roberts Rules of Order or Rosenburgh Rules. Mr. Sensibaugh recommended the Board Members be supplied with each set of rules. It was moved by Board Member Yatooma and seconded by Board Member Khan that the Oversight Board convene on the First Tuesday of each month at 3:30 p.m. and adopt the bylaws as written. Vice Chair Ives suggested the Rosenburgh rules come back before they are adopted. The Chair agreed.

8. **DESIGNATE THE DEVELOPMENT AND ENGINEERING SERVICES DIRECTOR OF THE SUCCESSOR AGENCY AS THE CONTACT PERSON FOR THE DEPARTMENT OF FINANCE INQUIRIES REGARDING OVERSIGHT BOARD OF ACTIONS.**

Andrew Malik stated the Health and Safety Code requires that the Oversight Board provide a contact for the Department of Finance inquiries. Mr. Malik stated staff had discussed the item and proposes that Mr. Malik be that designee. Board Member Yatooma asked that e-mails from the Department of Finance be shared with all Board Members. Chair Sensibaugh suggested you do not "reply to all". Mr. Borwick asked if there might be a conflict between the Board and the City with the director being the person of contact for the Department of Finance. Chair Sensibaugh indicated the Oversight Board was to make sure that the process is vetted through City staff. Mr. Sodergren indicated staff of the successor agency is also the staff for the Oversight Board. Chair Sensibaugh indicated his concern was if one of the Board Members worked under Mr. Malik and served on the Board, then he would be more concerned. Mr. Sodergren indicated he did not believe it represented a conflict. It was moved by Vice Chair Ives and second by Board Member Yatooma to approve Mr. Malik as the

contact person for the Department of Finance regarding Oversight Board actions. Voice vote found all in favor; passed and so ordered.

9. ADOPT A RESOLUTION APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY.

Zane Johnston stated the State requires that we identify all of the enforceable obligations of the former Redevelopment Agency of the City of Tracy. Mr. Johnston indicated an outline was provided to the Oversight Board in its packet. Mr. Johnston stated there was nothing out of the ordinary and that it was very basic. Mr. Johnston provided the Oversight Board with a final version which he believed had been reviewed by the State Department of Finance. Mr. Johnston noted that the only change was that the list only reflected those items that were to be paid between January and June 2012.

Chair Sensibaugh asked for a description of the 2% allocation or pass through payments. Mr. Johnston explained that when the Agency was formed, the base line was frozen and as values grow, that represented the increment to the Agency. Mr. Johnston stated the only unknown listed is whether or not line 23 (loan from the Housing Fund) will be paid. Mr. Johnston further stated legislation had been introduced whereby the State may allow agencies to spend money it has on hand in its Housing Set Aside Fund on housing activities that would have to be completed within four years.

Chair Sensibaugh stated he would like to see if staff has taken a look at the law to see if the Oversight Board is still obligated for the items handed over. Mr. Johnston indicated the ROPS handed out could be taken back to the Successor Agency. Mr. Johnston recommended that the Oversight Board approve the ROPS provided for obligations from January through June 2012.

Board Member Thomas stated he believed the ROPS was subject to an audit by the County Auditor/Controller and once completed the Oversight Board would have an opportunity to respond accordingly. Board Member Khan stated he believed that was correct. Mr. Malik stated he believed that this would happen later this month.

Mr. Johnston stated there were two pots of money; this one was the increment that went to the Agency. In addition, there are assets of the former Redevelopment Agency that could subsequently be distributed to various agencies. Mr. Johnston stated this is the increment that will occur yearly. Board Member Khan asked if the Oversight Board could have a balance sheet of the Successor Agency. Mr. Johnston indicated he did not know and was not sure what type of annual financial reports would be required. Mr. Johnston added that the Successor Agency is winding down the Redevelopment Agency which no longer exists. Board Member Khan stated the Successor Agency has some assets. Mr. Johnston stated no. Board Member Yatooma asked if the Redevelopment Agency had assets. Mr. Johnston stated yes. Mr. Johnston stated the Redevelopment Agency has a housing account which will be distributed at some point, possibly after the audit, but that it did not belong to the Successor Agency. Board Member Khan stated he would like to see what the obligations represented. Mr. Malik added that there was money in the housing fund but there weren't any other property assets. Board Member Khan asked if any properties were transferred. Mr. Johnston stated there will be housing money and change that is left over from third party contracts. Mr. Johnston clarified that the obligation payment is only about the tax increment. Mr. Johnston added that there is another set of assets that will be determined as a result of the audit which may take years before it is determined.

Board Member Khan stated that if there was any property left to be developed, that is an asset. Mr. Sodergren indicated that the Agency does not own any property. Board Member Thomas asked if financial statements were prepared when the RDA existed. Mr. Johnston stated yes. Board Member Thomas asked if the Oversight Board could receive a copy of the last set of financial statements. Mr. Malik indicated staff could supply that information.

Chair Member Yatooma asked for clarification regarding the June ROPS payment and if the Successor Agency will pay back the housing set aside fund. Mr. Johnston stated it would be switching from one fund to another.

Board Member Thomas asked if sufficient cash existed to pay this obligation. Mr. Johnston indicated they were not our funds but were the auditors. Mr. Johnston stated the tax increment that was received by the Agency was able to pay the obligations.

Board Member Thomas asked if the pass throughs show up on this ROPS because the City/Successor Agency is going to write the checks for this payment. Mr. Johnston indicated he did not know; historically, the gross amount was sent to the agency and the agency in turn paid its obligations. Board Member Thomas stated other agencies have assured the Board that the County Auditor/Controller would take these pass through monies off the top before it paid money to the Successor Agency. Mr. Borwick stated in the past the County has withheld its money and the City writes out approximately eleven checks.

Chair Sensibaugh asked that staff provide additional information before the ROPS is approved. Mr. Johnston stated the County was handling all the increment income from this point forward. Chair Sensibaugh asked for a schedule of the deadlines. Chair Sensibaugh added that the resolution needed to be changed to reflect that it becomes effective 3 business days after approval.

Chair Sensibaugh asked if the \$250,000 was for staffing and if it represented a fiscal year. Mr. Johnston stated starting July 1 it is \$250,000 per fiscal year. Chair Sensibaugh asked when the Board would see another one of these. Mr. Johnston stated at the next meeting. Chair Sensibaugh asked if it doesn't get spent can it be carried over. Mr. Johnston stated his understanding was that they were entitled to \$250,000 per year.

Board Member Khan asked if there were any bond payments to be paid between now and June. Mr. Johnston indicated there were no more obligations due until September. Board Member Khan asked then if the only item that may or not be paid is item #23. Mr. Johnston stated yes. Chair Sensibaugh asked if it was worth the risk to hold approval over until the next meeting. Mr. Malik read from a section that stated ". . . if the first ROPS prepared by the Successor Agency is not approved and certified by May, it is recommended that the Successor Agency confer with legal counsel regarding the risks of paying or not paying enforceable obligations particularly in the case of enforceable obligations that may be controversial or problematic under competing interpretations of AB26".

It was moved by Board Member Thomas and seconded by Board Member Yatooma to adopt the ROPS as amended with respect to the effective date of three business days. Mr. Borwick indicated he did work with Mr. Johnston on earlier versions of the ROPS,

but did not work on the version submitted. Voice vote found all in favor; passed and so ordered.

10. Items from the Audience – None.

11. Board Member Items

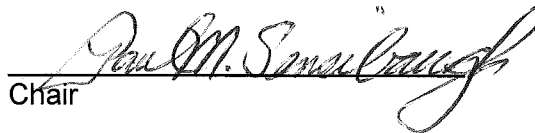
Board Member Yatooma asked that once comments were received from the Department of Finance to please share them with the Oversight Board. Board Member Yatooma indicated he would like to see past assets of the Redevelopment Agency. Board Member Yatooma further indicated he would like to review the ROPS in June and take action in July.


Chair Sensibaugh thanked staff for getting the information out ahead of time.

12. Adjournment

Chair Sensibaugh adjourned the meeting at 5:07 p.m.

Time: 5:09 p.m.


Chair


City Clerk