

**MINUTES
OVERSIGHT BOARD TO THE
CITY OF SAN DIMAS SUCCESSOR AGENCY**

**MAY 9, 2012, 4:00 P.M.
SAN DIMAS CITY COUNCIL CONFERENCE ROOM
245 EAST BONITA AVENUE
SAN DIMAS, CA 91773**

1. Call to Order and Pledge of Allegiance

Assistant City Manager Duran called the special meeting of the Oversight Board to the San Dimas Successor Agency to order at 3:58 p.m. and led the flag salute. He expressed appreciation to, and welcomed, attendees to the first meeting of the Oversight Board to the San Dimas Successor Agency.

2. Roll Call/Introductions

PRESENT: Board Members A.F. Feldbush, David Hall, Curt Morris, Ann Sparks, Larry Stevens, Brian Stiger,

City Staff: City Manager Blaine Michaelis, Assistant City Manager Ken Duran, City Attorney J. Kenneth Brown, Finance Manager Barbara Bishop, Senior Accounting Technician Steven Valdivia, Oversight Board Secretary Ina Rios

3. Swearing in of Oversight Board Members

The oath of office was administered to Board Members by San Dimas City Clerk Rios.

4. Election of Chairperson and Vice Chairperson and Designation of Contact Person

RECOMMENDED BOARD ACTION:

Elect one member of the Board to serve as Chair and one member to serve as Vice Chair of the Oversight Board and designate Contact Person for Department of Finance inquiries and Adopt: OB Resolution No. 001, A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SAN DIMAS REDEVELOPMENT AGENCY DESIGNATING A CHAIRPERSON, VICE-CHAIRPERSON, AND PUBLIC OFFICIAL FOR THE DEPARTMENT OF FINANCE CONTACT PURPOSES AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34179.

MOTION: It was moved by Board Member Stevens, seconded by Board Member Sparks, to nominate Curt Morris as Chairperson and David Hall as Vice-Chairperson.

In response to Assistant City Manager Duran, Board Members Curtis and Hall acknowledged acceptance and the motion carried unanimously.

MOTION: It was moved by Board Member Stevens, seconded by Board Member Feldbush, and carried unanimously to appoint Ken Duran as contact to the Department of Finance.

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Sparks, to waive further reading and adopt **OB RESOLUTION NO. 001**, A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE SAN DIMAS REDEVELOPMENT AGENCY DESIGNATING A CHAIRPERSON, VICE-CHAIRPERSON, AND PUBLIC OFFICIAL FOR THE DEPARTMENT OF FINANCE CONTACT PURPOSES AS REQUIRED BY HEALTH AND SAFETY CODE SECTION 34179. The motion carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

5. Review and Consideration of By-Laws and adoption of Resolution OB Resolution No. 002 approving By-Laws:

RECOMMENDED BOARD ACTION:

Adopt OB Resolution No. 002, A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD APPROVING BY-LAWS.

Assistant City Manager Duran pointed out that item 7 of the Bylaws states the Oversight Board shall cease to exist when all indebtedness of the dissolved RDA has been repaid. He requested the bylaws be amended pursuant to Health and Safety Code 34188 that states the Oversight Board shall terminate after four years from the date of the first meeting of the Oversight Board, and the County shall appoint one Oversight Board.

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Hall, to waive further reading and adopt **OB RESOLUTION NO. 002**, A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD APPROVING BY-LAWS as amended. The motion carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

6. Review and Consideration of Conflict of Interest Code and adoption of Resolution OB Resolution No. 003 approving the Conflict of Interest Code.

RECOMMENDED BOARD ACTION:

Adopt OB Resolution No. 003, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY ADOPTING A CONFLICT OF INTEREST CODE

City Attorney Brown stated that the Oversight Board meetings shall be governed by, and subject to the Brown Act, including the requirement to file Conflict of Interest Statements Form 700.

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Hall, to waive further reading and adopt **OB RESOLUTION NO. 003**, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY ADOPTING A CONFLICT OF INTEREST CODE. The motion carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

7. Regular Meeting Schedule

RECOMMENDED BOARD ACTION:

Adopt a regular meeting schedule date and time.

CONSENSUS: It was the consensus of Board Members to adopt the second and fourth Thursdays, at 4:00 p.m. as the regular meeting schedule. The next meeting was tentatively scheduled for 4:00 p.m. on May 24, 2012.

8. Role and Responsibilities of Oversight Board

Staff will provide an overview report on the role and responsibilities of the Oversight Board and due dates of documents.

Assistant City Manager Duran provided a summary of the Oversight Board functions and responsibilities pursuant to Health and Safety code section 34179. He mentioned that many Board Members are serving on multiple Boards and have received orientation from the agencies that appointed them.

9. Review and Consideration of Successor Agency Administrative Budget

RECOMMENDED ACTION:

Review the proposed Administrative Budgets for the periods of February 1, 2012 – June 30, 2012 and July 1, 2012 – December 31, 2012 and adopt:

OB Resolution No. 005, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF JANUARY 1, 2012 THROUGH JUNE 30, 2012, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177.

OB Resolution No. 006, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177.

City Manager Michaelis stated that AB1x26 requires the preparation of an administrative budget for a period of six months to allow the Successor Agency to recover costs associated with the dissolution process. He stated that the administrative budget was prepared for the Oversight Board's consideration for two time periods: 1) February-June 2012 with a total projected budget of \$245,794 for personnel, overhead and office rent; and 2) July-December 2012 with a total projected budget of \$131,842 for personnel, overhead and office rent. Staff's recommendation is to adopt OB Resolution No. 005 and OB Resolution No. 006 approving the respective administrative budgets.

Board Member Stevens inquired if attorney time would be included on the individual projection in the Recognized Obligation Payment Schedule or as a separate administrative cost.

Assistant City Manager Duran replied that all consultant costs are listed as a separate line item in the Recognized Obligation Payment Schedule, including attorney costs, consultants, and bond trustees.

In response to specific questions by Board Members, Mr. Duran explained the breakdown of costs listed in the Recognized Obligation Payment Schedule and the hierarchy of reimbursement of administrative costs.

Board Member Stiger recommended that attorney's fees for services to the Successor Agency be removed from the Recognized Obligation Payment Schedule and be listed in the administrative budget.

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Hall, to amend Exhibit A to reflect legal costs as a separate bracketed item with totals in the administrative budget, waive further reading and adopt **OB RESOLUTION NO. 005**, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF FEBRUARY 1, 2012 THROUGH JUNE 30, 2012, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177. The motion carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Hall, to amend Exhibit A to reflect legal costs as a separate bracketed item with totals in the administrative budget, waive further reading and adopt **OB RESOLUTION NO. 006**, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET OF THE SUCCESSOR AGENCY FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177. The motion carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

10. Review and Consideration of Agreement between the Successor Agency and the City of San Dimas for advance and reimbursement of expenses for city staff, office space, supplies and equipment.

RECOMMENDED ACTION:

Adopt OB Resolution No. 007, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING AN AGREEMENT FOR THE ADVANCE AND REIMBURSEMENT OF EXPENSES FOR CITY STAFF, OFFICE SPACE, EQUIPMENT AND SUPPLIES BY AND BETWEEN THE CITY OF SAN DIMAS AND THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY.

Board Member Stevens recommended that the date on page 2 of the Agreement, under Sections 2 and 3, be amended from January to February 1, 2012.

MOTION: After the title was read, it was moved by Board Member Stevens to amend Section 2 and Section 3 of the Agreement to change the date from January 1 to February 1, 2012, and to waive further reading and adopt **OB RESOLUTION NO. 007**, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING AN AGREEMENT FOR THE ADVANCE AND REIMBURSEMENT OF EXPENSES FOR CITY STAFF, OFFICE SPACE, EQUIPMENT AND SUPPLIES BY AND BETWEEN THE CITY OF SAN DIMAS AND THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY. The motion was seconded by Board Member Hall and carried 6.0 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Stiger, Morris; NOES: None; ABSTAIN: None; ABSENT: None

11. Review and Consideration of January 1, 2012 - June 30, 2012 Recognized Obligation Payment Schedule and July 1, 2012 - December 31, 2012 Recognized Payment Obligation Schedule

RECOMMENDED ACTION:

Review the January 1, 2012 - June 30, 2012 Recognized Payment Obligation Schedule and adopt:

OB RESOLUTION NO. 008, A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN DIMAS REDEVELOPMENT AGENCY APPROVING THE JANUARY 1, 2012 THROUGH JUNE 30, 2012 RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(g).

Review and consideration of the July 1, 2012 - December 31, 2012 Recognized Payment Obligation Schedule and adopt:

OB RESOLUTION NO. 009, A RESOLUTION OF THE OVERSIGHT BOARD APPROVING THE JULY 1, 2012 - DECEMBER 31, 2012 RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(g).

Assistant City Manager explained the Recognized Obligation Payment Schedule (ROPS) and said the ROPS will be submitted for reimbursement to the State Department of Finance and County Auditor-Controller in six month increments for two periods: 1) January- June 2012 and 2) July-December 2012. He stated that the first ROPS 1 was expected to be submitted to the State and County by April 15, 2012, with reimbursement due May 16, 2012. However, the Los Angeles County Auditor-Controller made the determination they would not be paying the obligation under this payment schedule because the first one-half of the tax increment payments was made under the normal schedule. Their interpretation is that those funds should have been used to make payment on our obligation for January-June 2012. Mr. Duran stated that

ROPS 2 for period July-December 2012 is due May 11, 2012 with payment made to us by June 1. Additionally, staff prepared a summary that identified obligations that staff felt are supported and enforceable.

Staff responded to specific questions from the Board regarding the list of obligations.

After much discussion about the obligations listed on the ROPS, Board Member Stiger expressed concern that AB1x26 clearly states that loans not created within the two year period are not considered enforceable obligations.

City Manager Michaelis replied that provisions of AB1x26 state that only loans made within two years will be honored. He said all loans listed as enforceable obligations were not made within the first two years, however, those loans were included in the ROPS because staff felt they are binding legal documents between the City and the Redevelopment Agency, supported by Resolutions and payment schedules with reasonable interest terms. He added that, if approved, AB1585 honors these loans.

Successor Agency Attorney Brown suggested that a footnote be included in the ROPS to justify including those loans in the document.

Mr. Michaelis stated the footnote would state that if ever state law provides for this in the future, this loan could qualify as an enforceable obligation. As an alternative, he suggested that a letter can be submitted with the ROPS to indicate that the Oversight Board considered that these items should be included.

Board Member Stevens recommended approving and submitting the Recognized Obligation Payment Schedule as reported, wait for County and State feedback, then adjust it at that point in time.

Board Member Hall confirmed that lines 4, 5 and 6 are in question.

It was the consensus of the Board Members to continue the discussion on Thursday, May 10, 2012, at 4:00 p.m.

RECESS UNTIL THURSDAY, MAY 10, 2012

Mayor Morris called a recess at 5:42 p.m. to meet on Thursday, May 10, 2012, at 4:00 p.m. to continue discussions on Item 11. The meeting reconvened at 4:04 p.m. on Thursday, May 10, 2012, with all members of the Oversight Board present.

In response to Board Member Stiger's concerns about listing city loans as enforceable obligations on the ROPS, Assistant City Manager Duran explained that there are three agreements between the Redevelopment Agency and the City of San Dimas, to reimburse the use of city staff, which is similar to the Administrative Agreement adopted for the Successor Agency. He said those agreements were in place when the Agency dissolved, and those agreements dissolved with the Agency. He stated that the only reason they were listed as a line item on the ROPS, was the requirement to reflect those expenses for January-June. He stressed that those line items do not appear on the ROPS for July-December and the new Administrative Budget approved on May 9, 2012 takes the place of prior agreements.

Additionally, Mr. Duran stated he will change the funding source column of administrative costs for item 12 administrative costs allowance.

In response to Mayor Morris, Mr. Duran replied that it is unclear whether or not the costs for item 12 should be allocated as an administrative budget, or as a separate line item as an enforceable obligation. This item will be included on the ROPS with a footnote.

Assistant City Manager Duran further replied to Board Member Stiger's concern about item 18, County administrative fee, and said the County was charging the City for collecting and administering the tax increment. The County Auditor/Controller was contacted and they have confirmed they will not be billing the City for that cost. That item will be removed from the ROPS and the City will not request reimbursement.

Assistant City Manager Duran reviewed the two types of pass-through payments: 1) statutory pass-through payments with a fixed formula amount and 2) negotiated pass-through payments with other taxing entities. He said pass-through payments were made in November and those payments are reflected on the ROPS for the current fiscal year.

Board Members discussed in length the letter explaining the footnotes and the city's loans on the ROPS.

Board Member Stiger expressed concern that the Board would be placed in an advocacy role. He suggested the letter come from the Successor Agency.

After additional lengthy discussion on the contents of the letter, it was moved by Board Member Hall, seconded by Board Member Feldbush, to approve the proposed letter with the amendment that the first three sentences of paragraph 3 be stricken. The motion carried 5.1 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Morris; NOES: Board Member Stiger; ABSTAIN: None; ABSENT: None

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Sparks, to adjust the Recognized Obligation payment Schedule January-June line item 12 to change the funding source to administrative costs allowance and eliminate line 18 County administrative fee, and to waive further reading and adopt **OB RESOLUTION NO. 008**, A RESOLUTION OF THE SAN DIMAS OVERSIGHT BOARD APPROVING THE JANUARY 1, 2012 THROUGH JUNE 30, 2012 RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(g). The motion carried 5.1 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Morris; NOES: Board Member Stiger; ABSTAIN: None; ABSENT: None

MOTION: After the title was read, it was moved by Board Member Stevens, seconded by Board Member Sparks, to adjust item 9 administrative costs allowance on the Recognized Obligation payment Schedule July-December, and to waive further reading and adopt **OB RESOLUTION NO. 009**, A RESOLUTION OF THE OVERSIGHT BOARD APPROVING THE JULY 1, 2012 – DECEMBER 31, 2012 RECOGNIZED OBLIGATION PAYMENT SCHEDULE PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180(g). The motion carried 5.1 as follows: AYES: Board Members Feldbush, Hall, Sparks, Stevens, Morris; NOES: Board Member Stiger; ABSTAIN: None; ABSENT: None

Board Members expressed a conflict for the meeting of May 24, 2012. The meeting was cancelled subject to scheduling a special meeting.

12. Public Comment

Chairman Morris opened the public comments period. There being no one wishing to speak, the public comment period was closed.

13. Reports of Board Members

- a) Board Member Stiger requested a review of the Oversight Board's responsibilities pursuant to AB 1x26, statute 34181 at the next meeting.
- b) Board Member Hall requested a report about possible financial and legal exposure assumed as a member of the Oversight Board.

Assistant City Manager Duran explained that provisions in the statute indemnify Board Members.

Chairman Morris expressed his gratitude to the appointees for serving on the Board.

14. Adjournment

Chairman Morris adjourned the meeting at 5:21 p.m. The next meeting will be a special meeting with a date to be determined.

Respectfully submitted,


 Ina Rios, Oversight Board Secretary