

MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY
HELD
January 17, 2017

A regular meeting of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency was called to order at 5:00 p.m. by Board Chair Bailey in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

Board Members present:

Board Chair Doug Bailey
Board Member Matt Burton
Board Member George O'Hara
Board Member Jon Peat

Board Members absent:

Board Vice Chair Mariellen Yarc
Board Member Bruce Saltz
Board Member Fred Williams

Staff present:

City Manager Peter Grant (Successor Agency)
Jeff Melching (Successor Agency Counsel)
Redevelopment Project Manager Steve Clarke (Successor Agency)
Assistant Director of Finance and Administrative Services Donna Mullally
City Clerk/Secretary Denise Basham (Successor Agency)

ORAL COMMUNICATIONS:

None.

NEW BUSINESS:

Item No. 1: APPROVAL OF MINUTES – MEETING OF SEPTEMBER 20, 2016

It was moved by Board Member Peat and seconded by Board Member O'Hara, to adopt Resolution No. OB-42 approving the meeting minutes of September 20, 2016.

The motion was carried by the following vote:

AYES: 4 BOARD MEMBERS: Burton, O'Hara, Peat, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 3 BOARD MEMBERS: Saltz, Williams, and Yarc

OVERSIGHT BOARD RESOLUTION NO. OB-42

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE
MINUTES OF THE OVERSIGHT BOARD MEETING OF SEPTEMBER 20, 2016

Board Chair Bailey recommended that Agenda Item No. 4 be discussed immediately following Agenda Item No. 1.

Item No. 4: APPROVE SETTLEMENT AGREEMENT WITH THE STATE OF CALIFORNIA SECURING OWNERSHIP OF 13.329 ACRES OF LAND AT KATELLA AVENUE AND WINNERS CIRCLE AND THE REPAYMENT OF REMAINING LOAN BALANCE OWED TO THE CITY

Board Member Burton indicated that the State has agreed to a settlement for the land and the City has agreed to decrease the balance on the loan by \$15 million, and there is approximately \$20 million in outstanding loans. He stated that the loan decrease would allow the City to retain the 13.329 acres of land at Katella Avenue and Winners Circle.

Board Chair Bailey asked if the remaining \$5 million would be on a Recognized Obligation Payment Schedule (ROPS) until 2019 and if the ROPS would be at a future risk.

The Successor Agency Counsel responded in the affirmative, and clarified that there would be a lesser risk with the settlement because the Settlement Agreement requires an acknowledgement that these are owed dollars.

Board Chair Bailey asked about the other pass-thru agencies and if the increment goes back to them.

The Successor Agency Counsel responded in the affirmative, and indicated that the other pass-thru agencies would realize more benefits sooner.

Board Chair Bailey asked if the increment would then just be treated as if it is property tax.

The Successor Agency Counsel responded in the affirmative, and stated that the City would become closer to redeveloping the 13.329 acre property.

Board Chair Bailey asked if the Oversight Board should be dissolved prior to the loan payoff.

Board Member Burton clarified that dissolution of the Oversight Board is not part of the recommendation.

The City Manager stated that the City's retention of the 13.329 acres property would be secure once the State signs the Settlement Agreement and that there are no indications of dissolution of the Oversight Board.

Board Member O'Hara asked about redevelopment agencies that are funded by the City.

The Successor Agency Counsel stated that the Redevelopment Agency was funded by property tax increment and it will continue to be property taxes funding prior redevelopment activities of the Successor Agency and when it is over that property tax will then get distributed to other local taxing agencies. He stated that it is not City General Fund money or money that would otherwise go to the City if it did not go to Redevelopment Agencies. He indicated that it was money that would have otherwise gone to the State that went to redevelopment agencies and this process is all about putting all that money back into the hands of the State so it can distribute it pursuant to its normal property tax distribution formula.

Board Member O'Hara asked about the payment of the loan.

The Successor Agency Counsel stated that the loan is in favor of the City and that the City made a total of approximately \$42.5 million in loans to the Redevelopment Agency over time. He indicated that we are asking the State to fund the Successor Agency so that it can repay the City, and that we are doing better than we thought we were going to do when this started, but we are not getting the entire \$42.5 million of our money back.

Board Member O'Hara asked if other cities would receive a similar settlement.

The Successor Agency Counsel responded that the strategy of other cities varies and that Cypress is doing better than most other entities.

Board Chair Bailey asked if the settlement would be paid over a three year period.

The City Manager indicated that the settlement would be paid over an approximate three year period based on the available amount of increment.

Board Member Burton responded that the settlement may be paid sooner than three years and that the City is getting a fair amount of increment and is now catching up.

It was moved by Board Member Peat and seconded by Board Chair Bailey, that the Oversight Board to the Dissolved Cypress Redevelopment Agency adopt the Resolution

approving a Settlement Agreement resolving pending litigation by the City of Cypress and the Successor Agency to the Dissolved Cypress Redevelopment Agency against defendants California Department of Finance, and Michael Cohen in his official capacity as the Director of the California Department of Finance, the State Controller's Office, and John Chiang in his official capacity as Controller for the State of California.

OVERSIGHT BOARD RESOLUTION NO. OB - 45

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING A SETTLEMENT AGREEMENT AMONG THE CITY OF CYPRESS, THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY, THE CALIFORNIA DEPARTMENT OF FINANCE, AND MICHAEL COHEN IN HIS OFFICIAL CAPACITY AS THE DIRECTOR OF THE CALIFORNIA DEPARTMENT OF FINANCE, THE STATE CONTROLLER'S OFFICE, AND JOHN CHIANG IN HIS OFFICIAL CAPACITY AS CONTROLLER FOR THE STATE OF CALIFORNIA

The motion was carried by the following vote:

AYES: 4 BOARD MEMBERS: Burton, O'Hara, Peat, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 3 BOARD MEMBERS: Saltz, Williams, and Yarc

Item No. 2: APPROVE THE ADMINISTRATIVE BUDGET FOR THE CYPRESS SUCCESSOR AGENCY FOR THE SIX-MONTH PERIOD OF JULY 1, 2017 THROUGH DECEMBER 31, 2017

Board Member Burton stated that adoption of the Administrative Budget is required twice yearly and that it was recently approved by the Successor Agency Board. He indicated that the budget for the six-month period is approximately \$25,000 which is mostly staff time, legal services, and audit services. He stated that the costs would likely decrease with the approval of the Settlement Agreement and as the wind down of the Successor Agency continues.

It was moved by Board Member O'Hara and seconded by Board Member Peat, that the Oversight Board to the Dissolved Cypress Redevelopment Agency adopt Resolution No. OB-43 approving the administrative budget for the Successor Agency for the six-month period of July 1, 2017 through December 31, 2017.

The motion was carried by the following vote:

AYES: 4 BOARD MEMBERS: Burton, O'Hara, Peat, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 3 BOARD MEMBERS: Saltz, Williams, and Yarc

OVERSIGHT BOARD RESOLUTION NO. OB-43

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE SIX-MONTH PERIOD OF JULY 1, 2017 THROUGH DECEMBER 31, 2017

Item No. 3: APPROVE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018 (ROPS 17-18)

Board Member Burton indicated that the Recognized Obligation Payment Schedule (ROPS) had previously been done on a semi-annual basis and that this is the second year it has been done on an annual basis. He stated that the ROPS is being prepared under the assumption that the Settlement Agreement is not finalized at the State level, and that if the Settlement Agreement proceeds, there would likely be amendments to the ROPS.

Board Chair Bailey asked if further action by the Oversight Board would be required if the Settlement Agreement did not proceed.

Board Member Burton responded no, and clarified that the ROPS would be accurate. He stated that if the Settlement Agreement is approved, the reduction to the ROPS would be done administratively and likely not require further action from the Oversight Board. He indicated that the \$5 million balance would be paid over a period of time and that the ROPS are winding down due to there no longer being a request to pay for the lease/revenue bonds, as they are now being covered by reserves.

It was moved by Board Chair Bailey and seconded by Board Member Peat, that the Oversight Board to the Dissolved Cypress Redevelopment Agency adopt Resolution No. OB-44 approving and adopting the Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18).

The motion was carried by the following vote:

AYES: 4 BOARD MEMBERS: Burton, O'Hara, Peat, and Bailey
NOES: 0 BOARD MEMBERS: None
ABSENT: 3 BOARD MEMBERS: Saltz, Williams, and Yarc

OVERSIGHT BOARD RESOLUTION NO. OB - 44

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 17-18) FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018

OVERSIGHT BOARD INFORMATIONAL ITEMS & ANNOUNCEMENTS

None.

ADJOURNMENT Board Chair Bailey adjourned the meeting at 5:18 p.m. to Tuesday, February 7, 2017, beginning at 5:00 p.m. in the Executive Board Room.

OVERSIGHT BOARD CHAIR

ATTEST:

CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD