MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY
HELD
March 20, 2012

A regular meeting of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency was called to order at 5:30 p.m. by City Manager John Bahorski in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

Board Members present:
  Doug Bailey
  Matt Burton
  Charles Mealey
  Leroy Mills
  Bruce Saltz
  Fred Williams
  Mariellen Yarc

Staff present:
  City Manager John Bahorski (Successor Agency)
  Successor Agency Counsel Dan Slater
  Community Development Director Ted Commerdinger (Successor Agency)
  Redevelopment Project Manager Steve Clarke (Successor Agency)
  City Clerk/Secretary Denise Basham (Successor Agency)

ORAL COMMUNICATIONS:

None.

PRESENTATIONS:

Board Members and staff introduced themselves.

NEW BUSINESS:

Item No. 1:  ELECTION OF OVERSIGHT BOARD CHAIR AND VICE CHAIR.

The Secretary opened nominations for Chair.

Board Member Mills nominated Board Member Bailey for Oversight Board Chair.

It was moved by Board Member Mills and seconded by Board Member Bailey that Board Member Bailey be elected to serve as Chair.

The motion was unanimously carried by the following vote:

AYES:  7  BOARD MEMBERS:  Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc
NOES:  0  BOARD MEMBERS:  None
ABSENT:  0  BOARD MEMBERS:  None

The Secretary opened nominations for Vice Chair.

Board Chair Bailey nominated Board Member Mills for Oversight Board Vice Chair.

It was moved by Board Chair Bailey and seconded by Board Member Yarc that Board Member Mills be elected to serve as Vice Chair.
The motion was unanimously carried by the following vote:

**AYES:** 7 BOARD MEMBERS: Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc  
**NOES:** 0 BOARD MEMBERS: None  
**ABSENT:** 0 BOARD MEMBERS: None

**Item No. 2: DESIGNATION OF CONTACT PERSON FOR DEPARTMENT OF FINANCE INQUIRIES.**

It was moved by Board Chair Bailey and seconded by Board Vice Chair Mills, that the Oversight Board designate the City Manager as the official who shall serve as the contact person for Department of Finance inquiries regarding Oversight Board actions.

The motion was unanimously carried by the following vote:

**AYES:** 7 BOARD MEMBERS: Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc  
**NOES:** 0 BOARD MEMBERS: None  
**ABSENT:** 0 BOARD MEMBERS: None

**Item No. 3: CONSIDERATION OF A RESOLUTION ESTABLISHING THE DATE, TIME, AND LOCATION FOR REGULAR MEETINGS OF THE OVERSIGHT BOARD.**

The Secretary stated that it is recommended that regular meetings of the Oversight Board be held on the first and third Tuesday of each month at 5:30 p.m., as necessary. She indicated that the meeting would be cancelled should there not be a pressing need for the meeting.

Successor Agency Counsel stated that it is anticipated that the Oversight Board would hold two to three meetings then would only meet every six months based on State action.

It was moved by Board Vice Chair Mills and seconded by Board Member Williams, that the Oversight Board adopt the Resolution entitled, "A Resolution of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency Establishing a Regular Meeting Schedule for Oversight Board Meetings."

The motion was unanimously carried by the following vote:

**AYES:** 7 BOARD MEMBERS: Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc  
**NOES:** 0 BOARD MEMBERS: None  
**ABSENT:** 0 BOARD MEMBERS: None

**OVERSIGHT BOARD RESOLUTION NO. OB - 1**

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY ESTABLISHING A REGULAR MEETING SCHEDULE FOR OVERSIGHT BOARD MEETINGS

The Secretary clarified that the next Oversight Board meeting would be held on Tuesday, April 3, 2012 at 5:30 p.m. in the Cypress City Hall Executive Board Room.

**Item No. 4: ADOPTION OF RULES OF PROCEDURE OF THE OVERSIGHT BOARD.**

Successor Agency Counsel stated that it is suggested that the Oversight Board adopt Robert's Rules of Order as the Board’s rule of parliamentary procedure.

It was moved by Board Chair Bailey and seconded by Board Vice Chair Mills, that the Oversight Board adoption Robert's Rules of Order as the Board's rules of parliamentary procedures.
The motion was unanimously carried by the following vote:

AYES:  7  BOARD MEMBERS:  Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc  
NOES:  0  BOARD MEMBERS:  None  
ABSENT:  0  BOARD MEMBERS:  None  

Item No. 5:  ADOPTION OF OVERSIGHT BOARD CONFLICT OF INTEREST CODE.  

Successor Agency Counsel indicated that the Fair Political Practices Commission (FPPC) requires that the Oversight Board adopt a Conflict of Interest Code and that members of the Oversight Board must file a Form 700 Statement of Economic Interests unless it has already been filed with another Orange County entity.

It was moved by Board Vice Chair Mills and seconded by Board Member Yarc, that the Oversight Board adopt the Resolution entitled, “A Resolution of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency Adopting a Conflict of Interest Code for the Oversight Board.”

The motion was unanimously carried by the following vote:

AYES:  7  BOARD MEMBERS:  Bailey, Burton, Mealey, Mills, Saltz, Williams, and Yarc  
NOES:  0  BOARD MEMBERS:  None  
ABSENT:  0  BOARD MEMBERS:  None  

OVERSIGHT BOARD RESOLUTION NO. OB - 2

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRUS REDEVELOPMENT AGENCY ADOPTING A CONFLICT OF INTEREST CODE FOR THE OVERSIGHT BOARD

Item No. 6:  OVERVIEW OF LEGAL STATUS AND PURPOSE OF OVERSIGHT BOARD.  

Successor Agency Counsel provided a brief review of the legal status and role of the Oversight Board and informed that four votes from members of the Oversight Board are required for action to be taken and that Oversight Board members have personal immunity from suit for actions taken within the scope of the Oversight Board responsibilities.

Successor Agency Counsel indicated that Oversight Board members shall not receive compensation or reimbursement for expenses for their service and that members may serve on up to five Oversight Boards. He stated that service on the Oversight Board will continue until all of the indebtedness of the former redevelopment agency is repaid or July 1, 2016.

Successor Agency Counsel stated that the Oversight Board has a responsibility to the holders of Enforceable Obligations and must acknowledge and fill its function to ensure that the obligations are paid as well as be a fiduciary for the taxing agencies. He provided a brief overview of Health and Safety Code Section 34179-34181 as attached to the Agenda Report.

Board Chair Bailey asked for clarification on the Recognized Obligations Payment Schedule (ROPS).

Successor Agency Counsel stated that the Oversight Board’s approval of the ROP Schedule must occur every six months except for the first two. He informed that the first ROP Schedule would be for the period of February 1 - June 30, 2012, and is due by April 15, 2012. He stated that the second ROP Schedule would be for the period of July 1 – December 31, 2012, and is due by May 11, 2012. He indicated that the Department of Finance is requesting that the second payment be through the system by May 11, 2012.

Vice Chair Mills asked if Successor Agency Counsel would be attending each Oversight Board meeting.
Successor Agency Counsel responded that his meeting attendance would be based on agenda items.

Board Member Burton inquired as to housing responsibility.

Successor Agency Counsel stated that the housing assets were transferred to the City and are no longer part of the “wind up” of the Redevelopment Agency except for the low/moderate income housing fund which was transferred to the City acting as the Successor Agency to pay the Enforceable Obligation Payment.

Board Member Saltz asked about land assets.

Successor Agency Counsel stated that the Redevelopment Agency did not own any assets on the non-housing side.

Board Member Mealey asked how the City of Cypress compares to other cities.

Successor Agency Counsel responded that Cypress is ahead of the curve and is on schedule, as several cities are still in the process of selecting members for their Oversight Board. He complimented staff and the County Board of Supervisors for the prompt appointments.

Item No. 7: OVERVIEW OF FORMER CYPRESS REDEVELOPMENT AGENCY.

Successor Agency Counsel stated that the Outline on California Redevelopment Law and Redevelopment Agency Powers was created in 2008 and since then there have been some changes to the redevelopment law.

The City Manager informed that the Agenda Report includes an Annual Report of the Cypress Redevelopment Agency, the Redevelopment Implementation Plan 2010-2014, a copy of ABX1 26, and a copy of the California Supreme Court Ruling in California Redevelopment Association v. Matosantos.

Vice Chair Mills asked if a project area has to be contiguous.

The City Manager responded no.

The City Manager stated that in January 2012, the City of Cypress became the Successor Agency to the Cypress Redevelopment Agency, in February 2012 the Cypress Agency was dissolved, and in March 2012 the Oversight Board was formed.

Chair Bailey clarified that the property tax base rate is that everything above it is increment and everything below it is the base property tax.

The City Manager indicated that when a redevelopment agency is formed, the property tax for the project area rate is frozen and as properties turnover, the property is reassessed and that that assessment goes up and the assessment between the base and the reassessment is tax increment.

Chair Bailey asked if the base rate goes up and if the tax increment is eliminated.

Successor Agency Counsel replied that when a project area is formed, property owners pay their property taxes and if a property gets reassessed, the property taxes go up and the difference based on the reassessment is the amount that goes to the redevelopment agency. He stated that the Auditor/Controller would retain that same amount of what used to be tax increment and set aside into a separate fund for disbursement and that pass-through payments would be paid.

Board Member Saltz asked if the schools’ pass through funding would be frozen.

Successor Agency Counsel responded that it is unknown how the County Auditor/Controller would be administering schools’ pass through funding. He stated that the Legislature is
considering cleaning up the language so that the guidelines are uniform with all of the counties.

Board Member Yarc asked when the State will reap the benefit.

Successor Agency Counsel replied that it is unclear whether or not the State will yield much benefit.

Board Member Saltz stated that school district funding would be reduced by $9 million.

Board Member Williams commented that there would be a $149 million statewide loss for community colleges.

The City Manager indicated that ROPS are due to the State by April 15, 2012, and that the EOPS and ROPS are posted on the City’s website.

Board Member Williams asked if the EOPS and ROPS on the City’s website were prepared by staff.

The City Manager responded in the affirmative.

Successor Agency Counsel stated that the EOPS were adopted by the Redevelopment Agency before its dissolution and that the ROPS would need to be adopted by the Successor Agency.

Board Member Mealey asked what would happen should there not be a Successor Agency.

Successor Agency Counsel replied that the Governor would appoint three people to serve on a local designated agency and that agency would then become the Successor Agency to the dissolved Redevelopment Agency instead of the City Council.

The City Manager provided a staff contact list should any Board Member have questions or wish to discuss any matter further. He indicated that the next Successor Agency meeting would include further review of the ROPS.

Board Member Mealey inquired as to how much Cypress could lose.

The City Manager responded that the loss amount would be approximately $6 million in total tax increment.

OVERSIGHT BOARD ITEMS:

No items.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 6:41 p.m. to Tuesday, April 3, 2012, beginning at 5:30 p.m. in the Executive Board Room.

OVERSIGHT BOARD CHAIR

ATTEST:

[Signature]
CITY CLERK AS SECRETARY
TO THE OVERSIGHT BOARD