MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD TO THE SUCCESSOR AGENCY
TO THE DISSOLVED CYPRUS REDEVELOPMENT AGENCY
HELD
October 9, 2012

A regular meeting of the Oversight Board to the Successor Agency to the Dissolved Cypress Redevelopment Agency was called to order at 3:00 p.m. by Board Chair Bailey in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

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

Staff present:
City Manager John Bahorski (Successor Agency)
Successor Agency Counsel Dan Slater
Successor Agency Treasurer Richard Storey
Redevelopment Project Manager Steve Clarke (Successor Agency)
City Clerk/Secretary Denise Basham (Successor Agency)

ORAL COMMUNICATIONS:
None.

NEW BUSINESS:

Item No. 1: APPROVAL OF MINUTES – MEETING OF OCTOBER 2, 2012

It was moved by Board Vice Chair Mills and seconded by Board Member Yarc, to adopt Resolution No. OB-10 approving the meeting minutes of October 2, 2012.

The motion was unanimously carried by the following vote:

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

OVERSIGHT BOARD RESOLUTION NO. OB-10

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRUS REDEVELOPMENT AGENCY APPROVING THE MINUTES OF THE OVERSIGHT BOARD MEETING OF OCTOBER 2, 2012

Item No. 2: APPROVAL OF A RESOLUTION REGARDING THE BOARD’S DETERMINATION ON THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND.

The Successor Agency Treasurer stated that the direction sought of the Oversight Board would be the approval of a Resolution to approve the due diligence report as presented to the public for comment last week, and identify assets and their amount and purpose to be withheld from giving to the State. He indicated that assets to be retained would include costs such as the audit fee, legal services, staff time and assistance, and supplies which totals...
$56,000. He indicated that there was an error in the calculation method used by the Orange County Auditor-Controller resulting in an overpayment of the pass-through agreements.

Board Member Yarc asked if the $1.3 million overpayment is undisputed.

The Successor Agency Treasurer responded that the Department of Finance does not allow for a deduction of the pass-through payment previously made and assured that there are records reflecting the overpayment.

The Successor Agency Counsel stated that Cypress is not the only city dealing with the pass-through payments and overpayments situation, and informed of the meet and confer process.

Board Member Yarc asked if other cities are doing this as well.

The Successor Agency Counsel indicated that several cities are reviewing payments that have been made and that the Department of Finance’s consistent response has been silence.

Board Member Williams asked if both $1.3 million payments were made from the low and moderate housing funds

The Successor Agency Treasurer stated that the pass-through payments were made from the Redevelopment Agency before it became the Successor Agency; the Successor Agency - Housing was required to make the payment from the low and moderate housing fund.

The Successor Agency Counsel indicated that the low and moderate housing funds went to the Successor Agency.

The City Manager stated that under AB X1 26 the housing fund originally was not going to be affected.

The Successor Agency Counsel stated that AB 1484 established the review process and segregated the housing and non-housing fund portion.

Board Member Saltz asked if the funds were intended to be distributed among the other agencies.

The Successor Agency Counsel replied that the money is intended to be distributed and that the concern is that the money already had been distributed.

Board Member Williams asked if it is an audit issue and if there is a reconciliation form.

The Successor Agency Counsel stated that the law allows for the Oversight Board to make the determination that there are amounts that should be retained. He informed that it would not be part of the due diligence review report and is encompassed in the Resolution.

Board Member Williams asked if the amount is $100,000 short compared to the Resolution and if the figure should be $1,127,281.57.

The Successor Agency Treasurer stated that he would check the calculations and adjust the Resolution accordingly.

Board Member Mealey asked if there are any legal standings to prevent the money that was paid twice from being given back.

Board Chair Bailey clarified that the overpayment would be subtracted from the owed amount then there would be a meet and confer process.

The Successor Agency Treasurer confirmed that the Resolution amount should be $1,127,281.57 and that the Oversight Board’s motion should reflect the corrected amount.

Board Member Mealey asked if any other cities have resolved this issue.
The Successor Agency Counsel responded that he is not aware of any other cities' resolve, and that this is a statewide issue.

It was moved by Board Member Williams and seconded by Board Member Yarc, that the Oversight Board adopt Resolution No. OB-11, as corrected, making its determination on the Due Diligence Review for the Low and Moderate Income Housing Fund.

The motion was unanimously carried by the following vote:

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

OVERSIGHT BOARD RESOLUTION NO. OB-11

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER CYPRESS REDEVELOPMENT AGENCY MAKING ITS DETERMINATION ON THE DUE DILIGENCE REVIEW FOR THE LOW AND MODERATE INCOME HOUSING FUND

OVERSIGHT BOARD ITEMS:

No items.

ADJOURNMENT: Board Chair Bailey adjourned the meeting at 3:24 p.m. to Tuesday, October 16, 2012, beginning at 5:30 p.m. in the Executive Board Room.

ATTEST:

CITY CLERK AS SECRETARY TO THE OVERSIGHT BOARD