

OVERSIGHT BOARD OF SUCCESSOR AGENCY TO CATHEDRAL CITY REDEVELOPMENT AGENCY

Board Meeting Minutes

June 14, 2012

9:00 A.M.

City of Cathedral City

Study Session Room

MEETING CALLED TO ORDER AT 9:05 A.M.

ROLL CALL:

Present: Members - DeRosa, Aguilar, Howell, Henry, Scott, England as substitute for Pettis. Absent: Ellis.

CONFIRMATION OF AGENDA – Confirmed.

PUBLIC COMMENT – No Public Comments were presented.

APPROVAL OF MINUTES – Approval unanimously passed.

INFORMATIONAL ITEMS

1. City Manager introduced Janet Davison, as a consultant to the Successor Agency and discussed her qualifications, as the former RDA Director for the Cathedral City.

BUSINESS ITEMS

2. Consideration of a Resolutions OB-2012-04 and OB-2012-05 of the Oversight Board approving both the Amended Recognized Obligation Payment Schedules for July 1, 2012 through December 31, 2012; and a second Amended Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012, respectively (“ROPS”) to include an administrative budget as required by Health & Safety Code 34180.
 - a. A Staff report and detailed Power Point Slide Illustration was presented to the Board by Jan Davison Ms. Davison explained the challenges Agencies were having with the process of ABX1-26 as the interpretations by all parties to include the Department of Finance (DOF), the County Auditor Controller’s office and the State Controller’s Office (SCO) are varied. The first ROPS (from January to July 2012) was forwarded to the DOF subject to certification. In response, the

Successor Agency did receive a letter from DOF within the statutorily required 3 business days and a follow-up letter within the next 10 days questioning and disallowing almost every enforceable obligation submitted. Since then, staff has been in communication with DOF and has submitted numerous substantiating documents. We adopted our July to December 2012 ROPS without the benefit of a revenue projection from the County Auditor Controller. We were not notified until the week of May 14th that we were eligible to receive \$7,840,964 from the Redevelopment Property Tax Trust Fund (RPTTF) for the July thru December 2012 ROPS and that the submitted ROPS had to balance to that amount. We were then requested by the Auditor Controller to amend our July-Dec 2012 ROPS and submit a balanced ROPS in order to receive any distribution on June 1st. Discussion also took place with a DOF Senior Analyst about this issue and due to timing issues agreed to have staff balance the ROPS and resubmit to the DOF subject to ratification of the Oversight Board. Staff complied and submitted an amended July to Dec 2012 ROPS which were approved by the DOF relative to the items funded from the RPTTF. On May 30th we were notified by the Auditor-Controller that the eligible distribution for the RPTTF was even further reduced. Ms. Davison explained that the Auditor-Controller is now required to do the pass-through calculations, and that they were having trouble trying to perform these calculations. On May 30th we were told to prepare a 2nd Amended July-Dec ROPS by the Auditor Controller to balance to the reduced RPTTF eligible amount so that we could receive a distribution from the RPTTF on June 1st. The Board is being asked to approve and ratify the Amended July ROPS and approve the Second Amended July ROPS and direct that it be forwarded to DOF, the State Controller's Office and the Auditor-Controller.

- b. Opened for discussion: Member Howell commented on the State's actions resulting from of dissolution. The matter was opened for public comments, but none were made.

Motion: A motion was made by member England to adopt resolutions approving and ratifying the Amended July ROPS, and approving the Second Amended ROPS for the Period of July 1 to Dec 31, 2012, with a second made by Member Howell and was carried by the following vote:

AYES: DeRosa, England, Howell, Ellis, Henry, Scott
NOES: None
ABSENT: Ellis

- 3. Consideration of a Resolution OB-2012-06 of the Oversight Board consenting to the disposition of certain real property to M&M Property Company. LLC.

- a. Staff report was presented by Jan Davison who explained that there was a DDA in place (prior to ABX Legislation) to transfer 3.9 acres of land with 320 feet of East Palm Canyon Frontage to M&M Property Company LLC to develop a 20,000 Square foot automobile showroom and related site improvements. The DDA also extended an option to M&M Properties to acquire an additional 2.76 acres in the future, if certain conditions were met in the DDA for a second Automobile Showroom or approved auto related use. It was explained that the escrow on the first transfer parcel must close by June 30, 2012 in accordance with the DDA. This item was on the ROPS and was not challenged by the Dept. of Finance. It was explained that Oversight Board approval is needed in order to obtain title insurance for this property.
- b. Matter was opened for discussion: Member Howell questioned where the proceeds of this transaction would go, and Ms. Davison explained there would be zero dollars coming to the Agency from the transfer of the first property as it was being transferred at fair reuse value in accordance with the DDA.
- c. Matter was opened for public comments, but none were made

Motion: Motion to approve was made Member England, with a second by Member Howell and carried by the following vote:

AYES: DeRosa, England, Howell, Aguilar, Henry, Scott
 NOES: None
 ABSENT: Ellis

- 4. Consideration of a Resolution OB-2012-07 confirming the transfer of a housing asset of the former RDA of the City of Cathedral City to the Successor Housing Agency.
 - a. A staff report was presented by Ms. Davison regarding the history of litigation involving DDA's with a former developer, and that this site was instrumental in the settlement of this protracted litigation case, which was prior to the RDA dissolution. Ms. Davison explained it would be in the Agency's best interest to meet the terms of the settlement rather than incur additional legal expenses relating to this matter and that even if the Agency were to prevail, it may be difficult to collect from the Defendant as this was a limited liability company.
 - b. Member Henry inquired as to what public access roads served this subject property, to which it was explained that is served by 30th Avenue with an easement through other property to McCallum Way.

c. No comments were made on the matter by the Public

Motion: Motion to approve Resolution OB-2012-07 was made Member England, with a second by Member Howell and carried by the following vote:

AYES: DeRosa, England, Howell, Aguilar, Henry, Scott
NOES: None
ABSENT: Ellis

CHAIR AND BOARD MEMBERS' ITEMS - None

ADJOURNMENT – Meeting adjourned at 10:02 A.M. without objection.

cc: K. DeRosa
G. Pettis
J. Aguilar
W. Ellis
S. Henry
L. Howell
T. Scott
D. Bradley
C. Green
J. Sherman
A. Hall
K. Biersack
C. England
S. Toles