

SAN GABRIEL SUCCESSOR AGENCY OVERSIGHT BOARD

MINUTES

MONDAY, January 7, 2013 SPECIAL MEETING

Community Development Department Conference Room
410 McGroarty Street
San Gabriel, California 91776

1. CALL TO ORDER/ROLL CALL

Present:

Board Chair Hamid Behdad, Appointee, Chancellor of the California Community Colleges
Board Vice Chair Thomas Marston, Appointee, Mayor City of San Gabriel
Board Member Frank Cheng, Appointee, Los Angeles County Library
Board Member David R. Gutierrez, Appointee, Mayor City of San Gabriel
Board Member Annie Huang, Appointee, Los Angeles County Board of Supervisors
Board Member Maria "Nonette" Martin, Appointee, Los Angeles County Board of Education
Board Member David Sweeney, Appointee, Los Angeles Board of Supervisors

Also present were:

Teresa L. Highsmith, Oversight Board Attorney
Peter Wallin, Deputy City Attorney, City of San Gabriel
Diane Hadland, Successor Agency Staff, City of San Gabriel
Camille Paton, Deputy City Clerk, City of San Gabriel
Estevan Padilla, Los Angeles County Commission Services

New San Gabriel Successor Agency Staff, Diane Hadland, was introduced by Community Development Director Jennifer Davis. Diane Hadland gave a short overview of her work experience.

2. PUBLIC COMMENT

PUBLIC COMMENT: PURSUANT TO GOVERNMENT CODE SECTION 54954.3, THIS IS THE TIME PROVIDED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ITEMS OF INTEREST THAT ARE NOT ON THE AGENDA WITHIN THE SUBJECT MATTER JURISDICTION OF THE OVERSIGHT BOARD.

There were no members of the public present.

3. PUBLIC HEARING TO CONSIDER THE NON-HOUSING DUE DILIGENCE REVIEW

MOTION: Moved by Board Vice Chair Tom Marston, seconded by Board Member Gutierrez to open the public hearing. Motion carried 7-0.

Successor Agency Staff Member Diane Hadland provided the revised staff report and Due Diligence Review Report. A Correction was identified in the revised staff report as to when the original Due Diligence Review Report was delivered. The original Due Diligence Review Report was not sent last

week as indicated revised staff report; rather the report was delivered to the Oversight Board in the January 7, 2012 meeting agenda packet, which was delivered on December 14, 2012.

Ms. Hadland reported that a request was made Marcum LLP to revise the DDR prepared on December 14, 2012 to incorporate the two recent Department of Finance determination letters' findings on the Third ROPS and the Low and Moderate Income Housing Fund.

Chair Hamid asked Deputy City Attorney Peter Wallin if there had been any communications with the DOF since receiving the latest determination letters. Mr. Wallin responded that there hasn't been any communications and it was his opinion the DOF had already written a letter to the county requesting the monies to be paid over and it was too late for the request to be withdrawn. It was Mr. Wallin's determination that in order to compensate for this discrepancy, the DOF indicated that funding for the approved CETT Investment affordable housing project come from RPTTF rather than the LMIHF fund balance. General Counsel Highsmith added that DOF's position is inconsistent with San Gabriel's DDR and ROPS III, and other agency findings. According to Ms. Highsmith other agencies that took on the housing successor agency functions are being asked to hand over all the LMIHF funds without the consideration of existing payment obligations and have been denied the option of requesting more RPTTF funds to cover these obligations. Peter Wallin added that since San Gabriel did not take on the functions of housing successor agency, it is not as impacted as these other agencies. Ms. Hadland noted the changes on the DDR report included the additional retention and took into account what was not previously approved on the ROPS.

Ms. Hadland gave a summary of the DDR report procedures and findings. The Oversight Board was made aware that it is within their authority to restrict funds although the report is showing there are more future obligations than funds available. Clarification was requested by Board Member Cheng as to what the term "per court judgment" that was cited in the report. Board Vice Chair Marston explained that the term "per court judgment" referred to the eminent domain process. Board Member Cheng asked how the \$1.5 million plays into the DDR report. Ms. Hadland explained that it is part of the fund balance but it functions as a placeholder and not a liquid fund balance. Board Member Cheng asked if there would be an issue if the property is sold at a later date for less than the assessed value. Mr. Wallin and Ms. Hadland responded that it should not be an issue. In response to an inquiry by Board Member Martin, Vice Chair Marston explained where funds would be distributed in the event the property is sold.

Board Member Cheng inquired about whether item no. 1 related to the City loan is on the Third ROPS. Vice Chair Marston answered that item no. 1 is off the Third ROPS because the DOF found that that the loan documents provided were determined to be insufficient and requested a separate and distinct document. Vice Chair Marston indicated the Successor Agency's intent to submit a separate but distinct loan document before the Fourth ROPS for DOF's review with the anticipation of approval. Ms. Hadland clarified that items would only be resubmitted on future ROPS when there is new information to provide the DOF. Board Member Cheng asked for clarification as to which items would be resubmitted on future ROPS. Ms. Highsmith interpreted the determination letter to read that DOF disallowed the 4 million dollars and whatever portion of the loan that occurred after the

dissolution of Redevelopment Agencies for enforceable obligation or wind-down purposes would need to be shown in a separate loan agreement in order to be approved.. It was her belief that the DOF would likely make changes to the DDR Report because the money was lumped into one line item. Vice Chair Marston elaborated on the breakdown of the 4 million dollar line item and it was his opinion that if the Successor Agency had provided a separate but distinct document for the city loan, item no. 1 would have been accepted by DOF. Vice Chair Marston understanding was that items 25 and 29 would not be resubmitted on a future ROPS.

Chair Hamid asked General Counsel Highsmith about the wording, "had we preformed additional procedures other items might have come to our attention that would have been reported to you." used in Marcum LLP's cover letter to the DDR report. Ms. Highsmith clarified that this is a customary disclaimer used by auditors.

Ms. Highsmith explained the AB 1484 requirements for Due Diligence Reviews. Ms. Highsmith made it clear that the Oversight Board has the authority to change line items to the report but ultimately the decision will be made by the DOF.

4. BOARD ITEMS

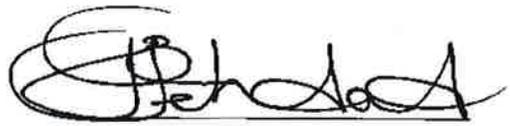
Vice Chair Marston publically express his gratitude to former Economic Development Manager and Successor Agency Staff, Robin Scherr, for her hard work and commitment to the San Gabriel Community. Chair Hamid agreed and added that Robin Scherr was a dedicated individual and her presence will be missed.

5. ADJOURNMENT

Oversight Board actions are subject to review by the California State Department of Finance. As such, the Oversight Board Actions shall not be effective for three days pending a request for review by the Department of Finance.



Camille Paton, Deputy City Clerk



Hamid Behdad, Chair