

**SAN GABRIEL SUCCESSOR AGENCY OVERSIGHT BOARD
MINUTES**

Monday, February 25, 2013
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 Annie Huang, Appointee, Los Angeles County Board of Supervisors
Board Member David Sweeney, Appointee, Los Angeles Board of Supervisors

Absent:

Board Member David R. Gutierrez, Appointee, Mayor City of San Gabriel
Board Member Maria "Nonette" Martin, Appointee, Los Angeles County Board of Education

Also present were:

Teresa L. Highsmith, Oversight Board Attorney
Peter Wallin, Deputy City Attorney, City of San Gabriel
Jennifer Davis, Community Development Director, City of San Gabriel
Diane Hadland, Successor Agency Staff, City of San Gabriel
Camille Paton, Deputy City Clerk, City of San Gabriel
Cesar Hernandez, Los Angeles County Commission Services

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 COUNCIL ON ITEMS OF INTEREST THAT ARE NOT ON THE AGENDA WITHIN THE SUBJECT MATTER JURISDICTION OF THE OVERSIGHT BOARD.

There was no one from the audience who wished to speak.

3. MINUTES OF REGULAR BOARD MEETING OF JANUARY 14, 2013.

Board Member Cheng noted that under item no. 5 of the January 14, 2013 minutes his last name was misspelled, which misspelling was corrected before the minutes were adopted.

MOTION: Moved by Board Member Marston, seconded by Board Member Huang to approve the minutes of regular board meetings of February 25, 2013 as corrected. Motion carried 5-0 (Board Members Gutierrez and Martin were absent).

4. NEW BUSINESS

- a. APPROVAL OF RESOLUTION NO. OB 13-02 APPROVING THE 2013-14A (FOURTH) RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS), INCLUDING THE ADMINISTRATIVE BUDGET, FOR THE PERIOD FROM JULY 1 TO DECEMBER 31, 2013.

Successor Agency Staff Member Diane Hadland explained the new format and document name change from Fourth ROPS to 2013-14A ROPS implemented by the Department of Finance (DOF). The main change to the document is the inability to edit spread sheet columns. Chair Behdad asked why the DOF had changed the format. Ms. Hadland speculated the DOF was trying to more accurately track the items that had been approved or disapproved from year to year in complex project areas.

Ms. Hadland and Community Development Director Davis provided background information on the current Street Haul Route Rehab and San Gabriel Boulevard Streetscape Bridge Enhancements for the Alameda Corridor East San Gabriel Trench Project that appears on the proposed ROPS as item no. 10. Ms. Hadland explained why the Successor Agency is requesting 75% of the amount in the proposed ROPS and the remaining 25% in subsequent ROPS. The amount needed for this project is \$483,855 and to ensure it is funded on time, the majority of the money is being requested during ROPS 2013-14A when the amount of net RPTTF revenue will be higher than it is estimated to be in ROPS 2013-14B timeframe.

Board Member Cheng inquired about item no. 5 and why the total amount of \$1.6 million is shown to be due in the fiscal year 2013-2014 but no money was allocated to be paid. He also inquired if the Successor Agency anticipates putting it on subsequent ROPS in the future. Ms. Hadland explained that it wasn't put on the ROPS because the tax increment to be received will be insufficient to make the payment when construction is complete. A request has been made to retain the amount on the Non-Housing Due Diligence Review and it would be inconsistent to put the item in both places. Chair Hamid asked for an update on the project and what options are available to proceed. Deputy City Attorney

Wallin indicated there were two possibilities. The first option is the agreement is terminated. Since the project wasn't completed within the time specified in the agreement, the Housing Authority of Los Angeles has the right to terminate the project. The second option is for the City to lend money to the Successor Agency to make the payment and the loan becomes another enforceable obligation on the ROPS. Vice-Chair Marston concurred with Mr. Wallin and indicated that obtaining a loan of some kind from the City or some other entity would be the only way to retain this project. Chair Behdad asked General Counsel Highsmith's to give further clarification. Ms. Highsmith explained that the Successor Agency is in a difficult position. They were unable to retain funds from the housing assets and the DOF is unlikely to approve sufficient RPTTF to make the obligation nor are they able to do so under the law. In the end the future of this project will be determined by the Housing Authority of Los Angeles, which is the entity responsible for housing project implementation since the redevelopment agency was dissolved.

Board Member Huang asked when item no. 5 will be officially off the San Gabriel Successor Agency books. Ms. Hadland responded that it could be indefinitely because obligations that were anticipated to be funded from property tax sources continue to be considered an enforceable obligation even though the project implementation has been moved to the Housing Authority of Los Angeles. Chair Behdad inquired as to whether the loss of the affordable housing units would affect the City's ability to fulfill its responsibility to provide affordable housing. Ms. Davis responded that as part of Regional Housing Needs Assessment (RHNA) the City is short 800 units and although the units wouldn't make significant headway in making this obligation, it would make a difference to the five families that would be able to afford housing. Cheng again questioned why the item was listed in the ROPS without a funding source. Ms. Hadland and Vice Chair Marston answered that in the determination letter for the Third ROPS dated December 15, 2012, the DOF said to in the future fund this project with RPTTF.

Board Member Huang and Ms. Hadland identified minor corrections be made to the note section of the ROPS including changing the reference under item no. 17 to read "items 17-40" instead of "items 17-39" and changing the estimated due date for item no. 5.

Board Member Cheng asked if items that still show former Successor Agency Staff Member Robin Scherr should be changed to current Staff Member Diane Hadland. Ms. Hadland answered that she is unable to make this change because the new spreadsheet format but the staffing change is indicated in the notes. Board Member Cheng also asked if the item numbers are fixed and Ms. Hadland affirmed that this is the case.

Ms. Hadland explained minor adjustments to items 17-40 related to Administrative costs. Chair Behdad asked when the Oversight Board is going to see additional reductions to

administrative items. Chair Behdad asked when these costs will lessen and if there is an immediate plan to close the agency office. Ms. Davis responded that unlike other agencies, there isn't much to cut in San Gabriel. Staffing is already limited to one person and the unpredictable nature of proceedings with the DOF makes it necessary to continue this arrangement to answer their requests. In light of this, Ms. Davis affirmed the Successor Agency dedication to winding down its activities. Vice Chair Marston added that he estimated activities would wind down within a year but his initial assessment when beginning the dissolution process was that all activities would have been completed in three (3) ROPS but that the dissolution process is still very active. Ms. Hadland and Ms. Highsmith both added that the additional audits required by DOF have also taxed staff with additional work.

Board Member Cheng asked about item no. 28, HVAC maintenance, and why the amount is more than in previous ROPS. Vice Chair Marston answered that the current system requires additional equipment to function more efficiently.

Vice Chair Marston wanted it to be known for the record that the City of San Gabriel has never charged the Redevelopment Agency or Successor Agency for any of the services it has performed in the history of the organizations. It was a service provided at no cost.

Ms. Hadland described ROPS prior period worksheet (page 16) as a comparison of the estimate vs. what was actually spent on ROPS II. Chair Behdad inquired about the underestimation of the costs related to the annual financial audit. Vice Chair Marston answered the amount was based on what the auditors believed the workload to be but the amount of work turned out to be greater than expected.

MOTION: Moved by Board Member Sweeney, seconded by Board Member Cheng to adopt Resolution No. OB 13-02 approving the 2013-14A (Fourth) Recognized Obligation Payment Schedule, including the administrative budget, for the period from July 1 to December 31, 2013 as amended. Motion carried 5-0.

AYES:

Board Chair Hamid Behdad
Board Vice Chair Thomas Marston
Board Member Frank Cheng
Board Member Annie Huang
Board Member David Sweeney

ABSENT:

Board Member David R. Gutierrez
Board Member Maria "Nonette" Martin

b. ORAL REPORT ON STATUS OF SAN GABRIEL SUCCESSOR AGENCY
NON-HOUSING DUE DILIGENCE REPORT.

Ms. Hadland presented the oral report and gave a description of the process. There were no questions regarding this item.

5. BOARD ITEMS

No items were brought up by the board. Mr. Wallin brought it to the attention of the board that if there wasn't any business, future meetings would be cancelled. Chair Behdad requested Successor Agency Staff to keep the board informed of correspondence from the DOF or other important related items. Board Member Cheng asked if there was a possibility of having fewer meetings in the near future, would it be prudent to discuss Ms. Highsmith's opinion on the City Loan that the board request she investigate. Mr. Wallin suggested the matter be discussed in conjunction with the Non Housing Due Diligence Review. Board Member Cheng was satisfied with postponing the discussion.

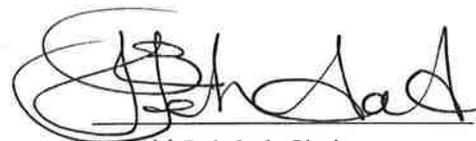
6. ADJOURNMENT

Adjournment to the regular Board meeting of March 25, 2013, commencing at 10:00 a.m. in the City of San Gabriel Community Development Department Conference Room, 410 McGroarty Street.

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 five days pending a request for review by the Department of Finance.



Camille Paton, Deputy City Clerk



Hamid Behdad, Chair