

**LANCASTER SUCCESSOR AGENCY OVERSIGHT BOARD
MINUTES
FEBRUARY 19, 2013**

CALL TO ORDER

Chair Brubaker called the meeting to order at 4:00 p.m.

ROLL CALL

PRESENT: Board Members: Brewington, Vose, Walker, Chair Brubaker

ABSENT: Board Member: Levin, Smith, Vice Chair Vierra,

STAFF

MEMBERS: Assistant Executive Director; Assistant to the Executive Director; Assistant Finance Director; City Clerk

Chair Brubaker welcomed the newest member of the Board – Ms. Mazie Brewington, who was appointed by the Chancellor of the California Community Colleges to replace Dr. Fisher.

PLEDGE OF ALLEGIANCE

Board Member Vose

M 1. MINUTES

On a motion by Board Member Walker and seconded by Board Member Vose, the Lancaster Successor Agency Oversight Board adopted **Resolution No. OB 03-13**, approving the Lancaster Successor Agency Oversight Board Regular Meeting minutes of January 15, 2013, by the following vote: 4-0-0-3; AYES: Brewington, Vose, Walker, Brubaker; NOES: None; ABSTAIN: None; ABSENT: Levin, Smith, Vierra

NB 1. SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1 TO DECEMBER 31, 2013

The Assistant Finance Director presented the staff report regarding this matter.

The Board requested clarification regarding costs; legal costs; financial reports; contract services; revenues/expenditures; unforeseeable expenditures; audits.

Board Member Vose addressed an email communication that was received from Seifel Consulting, Inc. which addresses issues with the ROPS 13-14A Items; Master Solar Power Purchase and Sale Agreement (Item #264); Legal Fees Related to July 2012 True-Up Payment (Item #237); City Loan Agreements for Administrative Costs (Items #216 and #232); Reconsideration of ROPS I Administrative Cost Allowance (Item #231).

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RECESS Not all of the Board Members received this communication; therefore, Chair Brubaker requested a brief recess at 4:12 p.m. to allow time for the Board to review this matter.

RECONVENE Chair Brubaker reconvened the meeting at 4:19 p.m.

Board Member Vose stated that he was uncomfortable with making a decision on this matter at this time and asked the Board to consider continuing this to another meeting.

The Assistant Finance Director stated that a special meeting would need to be conducted for the approval, as the deadline to have everything to the Department of Finance was March 2, 2013.

Chair Brubaker stated that the City has a verbal agreement with the Department of Finance and since they have the final decision making power, they would certainly let the City know if a matter needed to be corrected.

The Assistant Executive Director stated that the Board runs no risk in approving the ROPS at this time; staff will work with the Department of Finance and the County to make sure everything is in order.

Board Member Vose stated that he was quite taken aback by this correspondence and would feel more comfortable if the decision was delayed to allow more time for staff to analyze the information.

The Assistant Executive Director stated that the letter could be entered as part of the record and would be sent to the Department of Finance along with the approvals of the rest of items on the agenda.

Chair Brubaker stated that in the past, the County has always contacted the Finance Director directly and for whatever reason, it was not handled this way with this communication.

Board Member Vose stated that he has a level of discomfort in regards to this matter; as Board Members, they all take their responsibility seriously; he is not clear on the matters addressed within the communication and would like to delay a decision.

Chair Brubaker stated that she would be very comfortable approving this today; she understands the process but also respects the concerns of the other Board Members.

Board Member Brewington stated that she agreed with Board Member Vose. She stated that since she is a new member, she would feel more comfortable delaying the decision until staff has had sufficient time to analyze the points brought up. She feels she will better serve the public and the Board if she has more time to review the matters at hand.

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On a motion by Board Member Walker and seconded by Chair Brubaker, a motion was made to include the correspondence from Seifel, Consulting, Inc. as part of the record and include it with all the other documents that will be sent to the Department of Finance, by the following vote: 2-2-0-3; AYES: Walker, Brubaker; NOES: Brewington, Vose; ABSTAIN: None; ABSENT: Levin, Smith, Vierra

The motion did not carry.

A representative from Los Angeles County, Tony Sereno, explained the connection between Seifel, Consulting, Inc. and Los Angeles County; apologized for the lateness of this correspondence and understands the difficulty in whether to make a decision on this or not. Seifel Consulting, Inc. consults with Los Angeles County Counsel continuously and the County is aware of the letter and agrees with the opinions in the letter.

It was the consensus of the Board Members that were present, to conduct a special meeting regarding this matter on Tuesday, February 26, 2013 at 1 p.m. in the Council Chambers.

It was also determined that this discussion pertained to **Item No. NB 2**, which would be the focus of the special meeting.

NB 1. SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1 TO DECEMBER 31, 2013

On a motion by Board Member Walker and seconded by Chair Brubaker, a motion was made to adopt **Resolution No. OB 04-13**, approving the Successor Agency Administrative Budget for the period of July 1 to December 31, 2013 as detailed in Attachment A of the staff report, by the following vote: 3-1-0-3; AYES: Vose, Walker, Brubaker; NOES: Brewington; ABSTAIN: None; ABSENT: Levin, Smith, Vierra

The motion did not carry.

A majority vote of the total membership of the Oversight Board is required for the Oversight Board to take action, therefore, this matter will return to the Oversight Board at the Special meeting on Tuesday, February 26, 2013 at 1 p.m. in the Council Chambers.

NB 2. RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY TO DECEMBER 2013 – RESOLUTION NO. OB 05-13

This matter was continued to a Special meeting on Tuesday, February 26, 2013 at 1 p.m. in the Council Chambers.

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EXECUTIVE DIRECTOR ANNOUNCEMENTS

The Assistant Executive Director understands the concerns of the Board and requested that communications from the County or other entities be given in a timely manner to allow the Board to consider the issues.

CITY CLERK /AUTHORITY SECRETARY ANNOUNCEMENT

The City Clerk provided the public with the procedure to address the Oversight Board regarding non-agendized items.

Addressing the Oversight Board at this time:

Nicole Parson – discussed AB 32; Global Energy; Electricity; Mobility; Job creation.

BOARD MEMBER COMMENTS

None

ADJOURNMENT

Chair Brubaker adjourned the meeting at 4:55 p.m. and stated that a Special meeting of the Lancaster Oversight Board would take place on Tuesday, February 26, 2013 at 1:00 p.m.

PASSED, APPROVED and ADOPTED this 26th day of February, 2013, by the following vote:

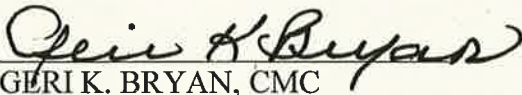
AYES: Board Members: Brewington, Levin, Smith, Vose, Walker, Chair Brubaker

NOES: None

ABSTAIN: None

ABSENT: Vice Chair Vierra

ATTEST:



GERI K. BRYAN, CMC

City Clerk

Lancaster, CA

APPROVED:



ELIZABETH BRUBAKER

Chair

Lancaster Successor Agency
Oversight Board

Memorandum

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San Francisco CA
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fax 415.618.0707
www.seifel.com

Date: February 19, 2013
To: Martin Zimmerman, Robert Moran, Tony Sereno, Gary Smith
Edel Vizcarra, Jarrod DeGonia, Lori Glasgow
From: Seifel Consulting
Subject: Overview of Issues Related to the Lancaster Recognized Obligation Payment Schedule (ROPS) for the period July to December 2013 (now referred to as ROPS 13-14A)

This memorandum provides an overview of the key issues identified based on our review of the draft Lancaster Recognized Obligation Payment Schedule for the period of July to December 2013, now referred to as ROPS 13-14A by the Department of Finance (DOF)—rather than ROPS IV. This review is based on information provided to the Oversight Board in the agenda packet for the February 19 Oversight Board meeting. The analysis in this memorandum is provided solely to help guide the Oversight Board members and may be refined as additional information becomes available.

ROPS 13-14A Items

- **2003 ERAF Loan Repayment (Items #257-263, previously Items #1-7 on ROPS III)**
These items request a total of \$2,095,545 from the RPTTF for repayment to the Housing Successor Agency for the April 2003 loan from the former RDA's Low and Moderate Income Housing Fund (LMIHF) in order to make the ERAF payments required by the State.
Repayments of loans or deferrals owed to the former RDA's LMIHF are considered housing assets under AB 1484, and §34176(e)(6)(B) allows the Successor Agency to begin making repayments on ERAF loans in FY 2013-14.

However, a maximum loan repayment amount is imposed for each fiscal year. Specifically, the maximum annual payment is equal to one-half of the increase between the amount available for distribution to taxing entities pursuant to §34183(a)(4) in each fiscal year and the amount distributed to taxing entities in the FY 2012-13 base year. These §34183(a)(4) amounts are the residual monies remaining after administrative, pass-through, and enforceable obligations are paid. If any such residual amounts remain, they are to be distributed to taxing entities.

No residual payments were made in the FY 2012-13 base year, so the base year amount is \$0.

The calculation for the FY 2013-14 residual amount will not be completed until after ROPS 13-14B receives DOF approval, which will occur in late 2013, at least 15 days prior to the January 2, 2014 property tax distribution for ROPS 13-14B. Given that the ERAF loan repayments can only be repaid from half of the increase in residual amounts between FY 2012-13 and FY 2013-14, and the FY 2013-14 amount will not be known until after the

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approval of the ROPS 13-14A, no amounts for the six-month period should be included on the ROPS 13-14A.

Recommend Oversight leave ERAF loans on ROPS 13-14A and delete specific amounts for FY 2013-14 and the six-month period.

- **Master Solar Power Purchase and Sale Agreement (Item #264)**

This is a new ROPS item. No amount is requested during the ROPS 13-14A period, and the contract that supports this obligation was executed after June 27, 2011, the effective date of redevelopment resolution. The description of the obligation is to provide a 25-acre site to US Topco Energy. This item should be considered under the Long Range Property Management Plan.

Suggest the Oversight Board remove this item from ROPS 13-14A, as this should be part of the Long Range Property Management Plan to be adopted after the Successor Agency receives a Finding of Completion.

- **Legal Fees Related to July 2012 True-Up Payment (Item #237)**

This is a new ROPS item. No dates are listed for the execution or termination of the obligation. While legal costs are not considered administrative costs per §341871(b), and can be listed separately to be paid from RPTTF funds, the contract for such services should be in place in order for the obligation to be considered an enforceable obligation.

Request additional information before taking action.

- **City Loan Agreements for Administrative Costs (Items #216 and #232)**

Funds from the RPTTF were insufficient to fund the administrative allowance for the ROPS II (July-December 2012) and ROPS III (January-June 2013) periods and therefore the Successor Agency entered into contracts with the City to defray administrative expenses for these time periods. Pursuant to §34173(h), city loans for administrative costs are permitted enforceable obligations and are not subject to a Finding of Completion.

- **Reconsideration of ROPS I Administrative Cost Allowance (Item #231)**

The Successor Agency has previously stated that the Administrative Cost Allowance (ACA) for the ROPS I period (January-June 2012) was miscalculated by DOF, and has included Item #231 in the amount of \$98,219 to account for the miscalculation. The ACA should be calculated on the amount approved by DOF payable from the RPTTF. DOF's Exhibit 12 reported that the approved ROPS I amount payable from the RPTTF was \$4,546,680, which includes the ACA. Thus, the ACA would be \$216,509. However, DOF's May 27, 2012 letter indicated that ACA would be \$171,288. As the table below indicates, the difference between these amounts is \$45,221 (rather than \$98,219).

RPTTF funds cannot be used to pay for prior period Administrative Costs unless subject to a loan agreement between the City and the Successor Agency.