

**SAN GABRIEL SUCCESSOR AGENCY OVERSIGHT BOARD
MINUTES**

Monday, August 27, 2012
Community Development Department Conference Room
410 McGroarty Street
San Gabriel, California 91776

1. ADMINISTRATION OF OATH OF OFFICE

Board Member Maria “Nonette” Martin, Appointee, Los Angeles County Board of Education

2. 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 Martin, Appointee, Los Angeles County Board of Education
Board Member David Sweeney, Appointee, Los Angeles Board of Supervisors

Also present were:

Robin Scherr, Economic Development Manager, City of San Gabriel
Peter Wallin, Deputy City Attorney, City of San Gabriel
Camille Paton, Deputy City Clerk, City of San Gabriel
Teresa L. Highsmith, Oversight Board Attorney
Minhkieu Dao, Los Angeles County Commission Services Division

New Los Angeles County Board of Education appointee Board Member Maria “Nonette” Martin introduced herself.

**3. INTRODUCTION OF TERESA L. HIGHSMITH WITH COLANTUONO & LEVIN,
GENERAL COUNSEL TO THE OVERSIGHT BOARD**

Board Member Cheng introduced Teresa L. Highsmith. General Counsel Highsmith gave a brief description of her qualifications and experience working with municipalities. In addition to San Gabriel, Ms. Highsmith currently represents Temple City and Pomona Oversight Board.

4. 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.

5. MINUTES OF REGULAR BOARD MEETING OF JUNE 25, 2012

Minutes were not included in the Agenda Packet and the item will be tabled until the next regular Oversight Board meeting.

MOTION: Moved by Board Member Gutierrez, seconded by Board Member Marston to table the minutes of regular board meeting of July 23, 2012 to the next regular Oversight Board Meeting. Motion carried 7-0.

6. PUBLIC HEARING TO CONSIDER THE TRANSFER OF HOUSING ASSETS AND FUNCTIONS TO THE LOS ANGELES COUNTY HOUSING AUTHORITY AND THE EXECUTION OF A NOVATION AGREEMENT TO TRANSFER CONTRACTUAL OBLIGATIONS

Economic Development Manager Scherr provided the staff report. General Counsel Highsmith briefed the board on the procedures of the transfer of housing assets and functions according to AB 26 and AB 1484. Further discussion was opened up to board members.

Board Member Marston inquired about AB 1585 and Los Angeles County Housing Authority's hesitation of receiving housing assets from San Gabriel. Ms. Scherr explained that proposed legislation (AB 1585) allows the County to assign the housing assets to the State. Counsel Highsmith further explained that the County may be hesitant to accept assets because of the liability involved and the uncertainty of receiving the unencumbered low and mod funds. Board Member Behdad inquired about the impact this would have on San Gabriel's current housing project. Ms. Scherr reported that the project is currently under construction and the developer has until April 6, 2013 to complete the project to qualify under the agreement. As it stands now, there is no impact but as the developer moves forward a delay in the transfer of housing assets could affect the way the financing is structured. Deputy City Attorney Wallin added that the project is at risk because the Agency has the ability to terminate the contract if the project isn't completed by a certain timeline. The Agency had no intention of terminating the contract but due to the timing of AB x1 26, it was unable to amend the contract and leaves the developer vulnerable to the decision by the Housing Successor Agency.

Board Member Huang suggested that the San Gabriel Successor Agency in addition to the City of San Gabriel be added to the first paragraph of the Novation Agreement. Board Member Huang also inquired about the dollar amount for the project for accuracy. Ms. Scherr indicated that the Los Angeles County Housing Authority staff added the \$19 million total development cost to the notes section to the Housing Successor Agency Asset Form provided by the City for submittal to DOF. Ms. Scherr will confirm the total development cost with the developer and report back to the Oversight Board.

MOTION: Moved by Board Member Gutierrez, seconded by Board Member Sweeney to open the public hearing.

There were no public comments.

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

Approval of Resolution No. OB 12-11 entitled A RESOLUTION OF THE SAN GABRIEL SUCCESSOR AGENCY OVERSIGHT BOARD DIRECTING THE SUCCESSOR AGENCY TO TRANSFER HOUSING ASSETS TO THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES AND AUTHORIZING THE EXECUTION OF A NOVATION AGREEMENT TO EFFECTUATE THE TRANSFER OF SAID ASSETS AS AMENDED.

MOTION: Moved by Board Member Gutierrez, seconded by Board Member Marston to approve Resolution OB No. 12-11. Motion carried 7-0.

Deputy City Clerk requested a roll call vote.

AYES: Board Chair Hamid Behdad
Board Vice Chair Thomas Marston
Board Member Frank Cheng, Appointee
Board Member David R. Gutierrez
Board Member Annie Huang
Board Member Maria Martin
Board Member David Sweeney

7. NEW BUSINESS

- a. **Report on the final Agreed-Upon Procedures Audit Report for the San Gabriel Successor Agency pursuant to AB x 1 26.**

Economic Development Manager Scherr provided the staff report. Vice-Chair reported on the audit from Moss Levy. Only one item that was questioned and it was related to a contingency related to obligation no. 25. Chair Behdad asked for clarification as to the purpose. Both General Council Highsmith and City Attorney Wallin responded. The report was received and filed.

b. Report on Successor Agency procurement of Los Angeles County Auditor-Controller approved accountant to conduct the two Due Diligence Reviews.

Economic Development Manager Scherr provided the staff report. Board Member Cheng asked what the estimated cost would be for the two due diligence reviews and if it is within the approved budget. Vice Chair Marston answered that the start date still hadn't been determined but it will begin at the latest on October 1, 2012. The current amount reflected in the Third ROPS is estimated to be a total cost of \$15,000; \$5,000 for the housing and \$10,000 for the non-housing. Currently there is no signed purchase order but if the amount exceeds the \$15,000, the Successor Agency will return to the Oversight Board to amend the amount. This is reflected in the Third ROPS. The report was received and filed.

c. Regular Meeting Schedule

Deputy City Clerk Paton polled board members to determine a quorum for the next regular meeting on September 24, 2012 at 10:00 am and future regular and special meetings that are scheduled to meet pending deadlines. The December 24th meeting will be cancelled due to the holiday. A quorum was reached for the rest of the meetings and a revised schedule will be sent to board members. Staff intends to cancel regular meetings unless agenda items arise.

8. OLD BUSINESS

a. Department of Finance response to Successor Agency letter regarding New Century Disposition Plan.

Economic Development Manager Scherr provided the staff report. Chair Behdad gave a background on the item to new Board Member Martin and asked for clarification from legal counsel as to why San Gabriel's request was rejected and items from the CRA-LA Successor to the CRA/LA were accepted. The opinion is that it is unclear but that it might be due to timing or the approval from the DOF needed by the title company or that the conveyance is pursuant to a DDA. The report was received and filed.

b. Report on Fee Agreement with Colantuono & Levin for legal services.

Economic Development Manager Scherr provided the staff report. There was a discussion about Colantuono & Levin's current law suit against the State over AB 1484 and further explanation as to why there is no conflict of interest representing the San Gabriel Oversight Board. The report was received and filed.

c. Adoption of Resolution OB No. 12-12 REPEALING RESOLUTION OB 12-10 APPROVING THE THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL PERIOD FROM JANUARY 1 TO JUNE 30, 2012 AS AMENDED.

Economic Development Manager Scherr provided the staff report. Chair Behdad opened the item for discussion.

Chair Behdad asked whether legal counsel needs to prepare the resolutions for the Oversight Board. Legal Counsel Highsmith's opinion was that it isn't necessary.

Board Member Cheng asked the question to Ms. Highsmith if legal counsel expenses can now be added as a separate item on the ROPS and not the Administrative Budget as part of AB 1484. Ms. Highsmith agreed that it can and should be amended.

Vice Chair Marston answered questions on the negative balance on the ROPS, cash balance, and city loan. Board Member Cheng inquired as to how much money would be remitted to the County at the end of the year. Vice Chair Marston anticipated that it would be zero. Board Member Cheng raised the question as to how the City loan was being repaid. Ms. Highsmith clarified that although board members are representing the fiduciary interest of the board that appointed them, they come together as an Oversight Board and make decisions based on what the statute states. Ms. Highsmith further clarified that since there is no written payment schedule on the City loan, there is no way to dictate to the County or the DOF how much money is owed to the city every year. Board Member Cheng requested a payment schedule be established to be used as a basis for the ROPS. After the discussion it was determined that there are too many dynamics involved to accurately create a payment schedule at this time. It was agreed that it would be most useful to wait until the spring of 2013 when there is clarification from the DOF on disputed ROPS items.

MOTION: Moved by Board Member Gutierrez, seconded by Board Member Sweeney to adopt Resolution OB No. 12-12 repealing Resolution OB 12-10 approving the third Recognized Obligation Payment Schedule for the fiscal period from January 1 to June 30, 2012 as amended. Motion carried 7-0.

Deputy City Clerk requested a roll call vote.

AYES: Board Chair Hamid Behdad
Board Vice Chair Thomas Marston
Board Member Frank Cheng, Appointee
Board Member David R. Gutierrez
Board Member Annie Huang
Board Member Maria Martin
Board Member David Sweeney

d. Report on Independent Cities Association action regarding preservation of Metro grant for San Gabriel Boulevard Gateway Corridor Improvements Project (Fairview to Grand).

Economic Development Manager Scherr provided the staff report. The report was received and filed.

5. BOARD ITEMS

Chair Behdad asked General Counsel Highsmith if the Oversight Board can put a disputed item back on the ROPS. Ms. Highsmith clarified that under the new legislation items cannot be repackaged and put back on the ROPS but as in the case with San Gabriel Successor Agency items that are being disputed are allowed to be resubmitted on the Third ROPS with back up documentation.

6. ADJOURNMENT

Adjournment to the regular Board meeting of September 24, 2012, 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 three days pending a request for review by the Department of Finance.



Camille Paton, Deputy City Clerk



Hamid Behdad, Chair