

Oversight Board
Successor Agency to the Chico Redevelopment Agency
March 21, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Vice Chair Trevor Stewart Kevin Bultema Dave Burkland Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

- A. **Roll Call** -, Shawn Tillman, Senior Planner, City of Chico, called the meeting to order. The Board Appointees introduced themselves and the agency they represent.
- B. **Overview of Local Agency Rules** - (*Report - City of Chico City Clerk, Debbie Presson*)
1. The Brown Act
 2. California Public Records Act
 3. Statement of Economic Interests - Form 700

City Clerk Presson advised the Board that the Oversight Board is subject to the Brown Act and the California Public Records Act. The Legislation is unclear if the Board Members are required to file a Statement of Economic Interests - Form 700, however the Successor Agency is requesting full disclosure until it's clarified by filing the Assuming Office statement.

- C. **Overview of Redevelopment and AB 26 Legislation** - (*Report - City of Chico Senior Planner, Shawn Tillman*)

Senior Planner Tillman provided a history of the Chico Redevelopment Agency. He explained that AB26 creates the Successor Agency and an Oversight Board is appointed to oversee the Successor Agency. The Board is to ensure that enforceable obligations are met and funds properly distributed. The legislation also establishes roles for the Butte County Auditor-Controller, Department of Finance (DOF) and the State Controller's Office.

AB 26 also requires that any payments of the Successor Agency be identified on the Recognized Obligation Payment Schedule (ROPS). Once the ROPS is adopted by this Board and becomes operative, it supercedes the Enforceable Obligation Payment Schedule (EOPS) and becomes the Agency's authority to continue making payments.

- D. **Oversight Board Responsibilities** - (*Report - City of Chico Senior Planner, Shawn Tillman*)

Tillman reviewed Section 34179 of the California Health & Safety Code, which is the basis for the role and responsibilities of the Oversight Board and provided an overview of some of the commonly used terms the Board will need to become familiar with.

The legislation requires that the Oversight Board dispose of the Successor Agency's assets in an expeditious manner at a maximum value. However the DOF does not expect a fire sale of assets and the Oversight Board can direct that the Agency hold onto the assets until there is a gain in value.

The former Redevelopment Agency in March 2011 transferred some assets to the City in anticipation of pending legislation. AB 26 requires these assets to be transferred back to the Successor Agency, which is the City of Chico.

The work of this Oversight Board will be complete in 2016, at which time one Oversight Board will be established for the entire County until all obligations are met.

Board Member Visconti asked if the DOF can overturn decisions made by the Oversight Board.

Tillman explained that the DOF has the opportunity to review and consider the decisions of the Board. However this Board will be making the decisions for the local area, as they know best the needs of the area.

Board Member Stewart inquired if bond refunding has been considered, does the Board have the ability to refund the bonds at a savings to the taxpayers.

Tillman stated the initial answer is no, but it is still not clear.

Board Member Stewart requested a list of the assets that were transferred.

E. **Upcoming Agenda**

Tillman reported that at the next meeting of the Oversight Board on April 4, 2012, the Board will be asked to review and approve the administrative budget for the Successor Agency. Once the budget is approved, it will become a line item on the ROPS. The Board will then be asked to review and approve the ROPS.

Tillman reported that the next two meetings of the Oversight Board are scheduled for April 4, 2012 and April 18, 2012. After that, the Board will only meet twice a year to review and approve the ROPS or more often if the need arises.

F. **Nominations and Appointment of Board Chair and Vice Chair**

Nomination was made by Board Member Visconti and seconded by Board Member Stewart to nominate Board Member Gruendl to serve as Chair of the Oversight Board. Board Member Wahl requested the nominations be closed.

Vote carried 6-0, with 1 Board position yet to be appointed.

Nomination was made by Board Member Wahl and seconded by Board Member Bultema to nominate Board Member Stewart to serve as Vice Chair of the Oversight Board. Board Member Wahl requested the nominations be closed.

Vote carried 6-0, with 1 Board position yet to be appointed.

G. **Reports and Communications** - None.

H. **Business from the Floor** - Members of the public may address the Board at this time on any matter not already listed on the agenda, with comments being limited to three minutes. The Board cannot take any action at this meeting on requests made under this section of the agenda.

Linda Hamilton requested that the final Board appointee be a female.

Chari Gruendl advised that the Board of Supervisors will be making the final appointment.

Board Member Wahl replied that the request has been noted.

I. **Adjournment and Next Meeting** - The meeting adjourned at 10:22 a.m. to the next Oversight Board meeting scheduled for Wednesday, April 4, 2012, at 9:00 a.m. in Conference Room No. 1.

4/4/2012
Date Approved

Dani Brinkley
Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
April 4, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Vice Chair Trevor Stewart Kevin Bultema Dave Burkland Steve Visconti Larry Wahl Wes Gilbert	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

Chair Gruendl called the meeting to order, with all Board Members present.

Newly appointed Board Member, Wes Gilbert introduced himself.

B. **Overview of Local Agency Rules - (Report - City of Chico City Clerk, Debbie Presson)**

1. Establishment of a Regular Meeting Schedule

A motion was made by Board Member Wahl and seconded by Vice Chair Stewart to establish the first Wednesday of each month at 9:00 a.m. as the regular meeting schedule of the Oversight Board. Meetings will be held at the Chico Municipal Center, Conference Room 1, 421 Main Street, Chico, CA.

AYES: Burkland, Bultema, Gilbert, Visconti, Wahl, Stewart, Gruendl
NOES: None

2. Statement of Economic Interests - Form 700

City Clerk Presson advised the Board that a Form 700 needs to be submitted within 30 days of assuming office and all categories need to be reported. A Conflict of Interest Code will be brought back in the future for Board adoption.

C. **Distribution of Property Taxes - (Discussion - Finance Director, Jennifer Hennessy and Senior Planner, Shawn Tillman)**

Senior Planner Tillman provided key dates and upcoming required actions. He also provided a schedule of the Agency's long term-debt.

Finance Director Hennessy explained the flow of Redevelopment funds prior to the passing of AB1X26 and how the funds will be distributed post AB1X26.

D. **Unencumbered Bond Proceeds - (Discussion - Finance Director, Jennifer Hennessy and Senior Planner, Shawn Tillman)**

Senior Planner Tillman explained the three options for using unencumbered bond proceeds. The proceeds may be used for the projects for which the bond was originally issued, to pay annual debt service or redeem the bonds over time. However, there may be penalties associated with the latter two options for early withdrawals. The unencumbered bond proceeds cannot be distributed to the taxing entities.

E. Approval of the Successor Agency Administrative Budget

Each Successor Agency is required to prepare an administrative budget and submit it to the Oversight Board for its approval. The budget covers Successor Agency administrative and operating costs for the period February 1, 2012 through June 30, 2012. The administrative budget is also the basis for the Administrative Cost Allowance for the successor agency, which also must be approved by the Oversight Board. *(Staff Report - Senior Planner, Shawn Tillman)*

Finance Director Hennessy reviewed the proposed Successor Agency Administrative Budget for February through June 30, 2012.

A motion was made by Board Member Wahl and seconded by Board Member Gilbert to fund fifty percent of the requested budget amount and the remaining amount to be paid based on invoicing for the those charges.

AYES: Gilbert, Wahl

NOES: Burkland, Bultema, Visconti, Stewart, Gruendl

A motion was made by Vice Chair Stewart and seconded by Board Member Visconti to approve the proposed administrative budget without the staff time percentages listed for the period February , 2012 through June 30, 2012, and approve the inclusion of the full administrative cost allowance in the ROPS.

AYES: Burkland, Bultema, Visconti, Stewart, Gruendl

NOES: Gilbert, Wahl

F. Approval of Preliminary Recognized Obligation Payment Schedule

Each successor agency is required to prepare a Recognized Obligation Payment Schedule (ROPS). The ROPS serves as the Successor Agency's ongoing authority for making payments on the obligations of the former redevelopment agency. Before a ROPS becomes operative, it must, among other requirements, be approved by the Oversight Board for the Successor Agency. The ROPS covers the period January 1, 2012 through June 30, 2012. *(Staff Report - Senior Planner, Shawn Tillman)*

Senior Planner Tillman reviewed the preliminary ROPS and distributed several items for the record.

Tom Tenerio of the Community Action Agency spoke in support of line Item #15, the North Point Apartment project.

Laurie Doyle, the developer of the Harvest Park Apartments project, spoke in support of line Item #14, the Harvest Park Apartments.

Kasey Merrill submitted a letter and also spoke regarding the need for funding to complete improvements surrounding Enloe Medical Center, in the Chico Avenues neighborhood.

Janet Ellner spoke regarding the Commanche Creek plan which was recently approved by the Bidwell Park and Playground Commission.

A motion was made by Vice Chair Stewart and seconded by Board Member Bultema to approve the preliminary ROPS for January 1, 2012 through June 30, 2012, with the elimination of the third sentence in footnote #5 *(Under the Indenture of Trust which authorized the issuance of the bonds, bond proceeds are only permitted to be used to pay project costs)*.

AYES: Burkland, Bultema, Gilbert, Visconti, Wahl, Stewart, Gurendl

NOES: None

G. Approval of Minutes dated March 21, 2012

A motion was made by Board Member Burkland and seconded by Board Member Visconti to approve the March 21, 2012 Oversight Board meeting minutes.

AYES: Burkland, Bultema, Visconti, Wahl, Stewart, Gurendl

NOES: None

ABSTAIN: Gilbert

H. **Upcoming Agenda**

Senior Planner Tillman stated that the ROPS for July 1, 2012 through December 31, 2012 will be on the next agenda for consideration.

I. **Reports and Communications** - The report and communication item was provided for the Committee's information.

1. Legislative Update - (*Verbal Report - Senior Planner, Shawn Tillman*)

Senior Planner Tillman gave an update on the status of AB 1585, which was recently passed by the House. This legislation ensures that: 1) unspent housing funds are to be used for affordable housing, 2) upholds loans between agencies if they were established within two years of the formation of the project area, 3) prevents a fire sale to liquidate assets and allows time to develop a strategic plan to dispose of the assets, and 4) clarifies that Successor Agencies are a distinct and separate entity from cities.

Senior Planner Tillman also provided a list of the Successor Agency's assets that were transferred from the RDA to the City of Chico.

J. **Business from the Floor** - None.

K. **Adjournment and Next Meeting** - The meeting adjourned at 10:55 a.m. to the next Oversight Board meeting scheduled for Wednesday, May 2, 2012, at 9:00 a.m. in Conference Room No. 1.

May 2, 2012
Date Approved

Dani Brinkley
Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
May 2, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Vice Chair Trevor Stewart Kevin Bultema Dave Burkland Larry Wahl Wes Gilbert	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

Chair Gruendl called the meeting to order at 9:00 a.m. The Clerk called roll. Board Member Visconti was noted as absent.

B. **Oath of Office** - City Clerk, Debbie Presson administered the Oath of Office.

C. **Approval of Minutes dated April 4, 2012**

A motion was made by Board Member Stewart and seconded by Board Member Wahl to approve the minutes dated April 4, 2012.

AYES: Bultema, Burkland, Gilbert, Wahl, Stewart, Gruendl

NOES: None

ABSENT: Visconti

The motion carried: 6-0-1

D. **Approval of Revised Preliminary ROPS for January - June 2012 - (Report - Senior Planner, Shawn Tillman)**

Senior Planner Tillman reported that after the Oversight Board approved the preliminary ROPS, it was submitted to the Auditor-Controller and Department of Finance (DOF) for review. DOF requested the preliminary ROPS be modified and be reconsidered by the Oversight Board.

The modifications to the items on the preliminary ROPS include 1) Line Items 7-9, statutory reporting obligations totaling \$30,000 to be paid using the administrative cost allowance; 2) Line Item 22, housing portfolio oversight costs of \$40,050 as this is an obligation of the housing successor agency which is the City of Chico; 3) Line Item 24, the payment source for several obligations has changed to Unencumbered Funds Balance as of February 1, 2012 from the Redevelopment Property Tax Trust Fund; and 4) Line Item 26, unspent bond proceeds removed because third party expenditure contracts to support the obligation have not been identified (may be included on the July through December 2012 ROPS).

Board Member Stewart asked if the Administrative Budget that was approved at the April 4th meeting needs to be reviewed since its being reduced.

Board Member Wahl asked where the funds are going to come from to cover the balance.

Staff indicated that the Administrative Budget does not need to be amended with unencumbered funds to be used for any overages in the budget.

A motion was made by Board Member Stewart and seconded by Board Member Burkland to approve the Revised Preliminary Recognized Obligation Payment Schedule for the period January - June 2012.

AYES: Bultema, Burkland, Gilbert, Wahl, Stewart, Gruendl
NOES: None
ABSENT: Visconti

The motion carried: 6-0-1

E. **Approval of Administrative Budget for Fiscal Year 2012-2013 - (Report - Finance Director, Jennifer Hennessy and Senior Planner, Shawn Tillman)**

A motion was made by Board Member Burkland and seconded by Board Member Stewart to approve the proposed administrative budget for the period July 1, 2012 through June 30, 2013, and approve the inclusion of an administrative cost allowance of \$321,339 in the Recognized Obligation Payment Schedule for the period July through December 2012.

Board Member Bultema requested that in the future, Chico Unified School District be included in the listing of Distribution to Taxing Entities.

AYES: Bultema, Burkland, Gilbert, Wahl, Stewart, Gruendl
NOES: None
ABSENT: Visconti

The motion carried: 6-0-1

F. **Approval of ROPS for July - December 2012 - (Report - Senior Planner, Shawn Tillman)**

Staff reported the DOF has evaluated Items 1-12 and Item 18 on the preliminary ROPS for the period of January through June 2012. These items were upheld. Item 13, Oversight Board Legal Services, was added to this ROPS at the direction of the Oversight Board at the April 4, 2012 meeting and it has not been considered by DOF.

Items 14-15 are Airport Improvement Program grants awarded by the Federal Aviation Administration (FAA). Items 16-17 are Economic Development Administration (EDA) grants awarded by the US Department of Commerce. In each case, redevelopment funds were identified as the local match and the City was required to affirm in the grant application that the local match funds were not encumbered or conditioned in a way that would preclude use of the funds for the projects. If the City is not able to meet the match requirement, each award will be lost and the City will lose its standing with these agencies.

Board Member Stewart asked if on Line Item 2, the 2005 Tax Allocation Bonds, more is actually owed than what was on the ROPS for the period January through June 2012.

Finance Director Hennessy reported that was an error and the correct amount should be \$64,295,000.

Board Member Bultema stated the purpose of the Oversight Board is to begin the wind down of the redevelopment agency and as projects are completed, they drop off of the ROPS. He questioned if Items 14-17 are new projects.

Senior Planner Tillman indicated that the City has third party obligations on the projects, and the DOF has said such obligations can be added to the ROPS if the obligations were entered into prior to June 28, 2011.

Board Member Stewart requested a copy of the entire Bond document.

Staff advised that it will be uploaded to the City's website so that everyone can review the document.

A motion was made by Board Member Stewart and seconded by Board Member Burkland to approve the Recognized Obligation Payment Schedule for the period July through December 2012, to include the correction on Line Item 2 to be read \$64,295,000.

AYES: Bultema, Burkland, Gilbert, Wahl, Stewart, Gruendl
NOES: None
ABSENT: Visconti

The motion carried: 6-0-1

G. **Upcoming Agenda**

Senior Planner Tillman advised that in the event the DOF requests review of any items on the ROPS, the Board may need to meet prior to the June 6, 2012 meeting to reconsider the ROPS. He requested a meeting date be identified prior to June 1, 2012, when the ROPS is due. He also advised that he will not be available for the June 6, 2012 meeting.

The Oversight Board agreed to meet May 23, 2012 at 9:00 a.m., if necessary. The next regular meeting of the Oversight Board will be August 1, 2012 at 9:00 a.m.

H. **Reports and Communications** - The report and communication item was provided for the Committee's information. No action was taken.

1. Legislative Update AB 1585 and SB 986 - *(Verbal Report - Senior Planner, Shawn Tillman)*

I. **Business from the Floor** -

Janet Elner asked that larger copies of the ROPS spreadsheets be made available to the public.

J. **Adjournment and Next Meeting** - The meeting adjourned at 10:10 a.m. to an adjourned regular meeting of the Oversight Board on May 23, 2012 at 9:00 a.m. and then to a regular scheduled meeting on Wednesday, August 1, 2012, at 9:00 a.m. in Conference Room No. 1.

May 23, 2012
Date Approved



Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Special Meeting of May 14, 2012 Minutes

<u>Board present:</u> Vice Chair Trevor Stewart Kevin Bultema Dave Burkland Wes Gilbert Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

Roll Call

Vice Chair Stewart called the meeting to order at 9:00 a.m. Administrative Analyst Brinkley called roll and Board Member Gruendl was noted as absent.

A. Approval of Second Revised Preliminary Recognized Obligation Payment Schedule for January - June 2012 - (Report - Senior Planner, Shawn Tillman)

Senior Planner Tillman reported that after the Department of Finance review of the revised ROPS approved by the Oversight Board on May 2, 2012, the DOF requested that Item 4, Debt Service Reserve Fund of approximately \$2.5 million be removed from the January - June 2012 ROPS. This is a reserve fund for making the October 2012 bond payments, which now has been determined is not necessary because funds for that payment will be transferred under the July - December 2012 ROPS. He further indicated that the effect is an additional \$2.5 million that would be distributed to taxing entities. The amount that Chico would receive is approximately \$400,000.

A motion was made by Board Member Burkland and seconded by Board Member Visconti to approve the Second Revised ROPS for the period of January through June 2012.

AYES: Burkland, Bultema, Gilbert, Visconti, Wahl
NOES: None
ABSENT: Gruendl


The motion carried 6-0-1, with Gruendl absent.

The Oversight Board was prohibited by law from considering any other business at this meeting.

B. ADJOURNMENT

It was determined that a meeting is necessary on May 23, 2012. The meeting adjourned at 9:15 a.m. to an adjourned regular Oversight Board meeting on May 23, 2012 at 9:00 a.m. and then the next scheduled Oversight Board meeting for Wednesday, August 1, 2012, at 9:00 a.m. in Conference Room No. 1.

May 23, 2012
Date Approved



Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
May 23, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema Dave Burkland Wes Gilbert Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

Chair Gruendl called the meeting to order at 9:00 a.m. The Clerk called roll. Board Member Trevor Stewart was noted as absent.

B. **Oath of Office - Steve Visconti** - City Clerk, Debbie Presson administered the Oath of Office to Board Member Steve Visconti.

C. **Approval of Minutes dated May 2, 2012 and May 14, 2012**

A motion was made by Board Member Wahl and seconded by Board Member Bultema to approve the Oversight Board minutes of May 2, 2012 and May 14, 2012.

The motion carried: 6-0-1

D. **Approval of Revised Recognized Obligation Payment Schedule for July - December 2012 - (Report - Senior Planner, Shawn Tillman)**

Senior Planner Tillman reported that the May 16th payment that was expected has not been received. The Department of Finance (DOF) determined that the Successor Agency has to use existing funds before receiving payment from the Redevelopment Property Tax Trust Fund. He also indicated that the DOF requested the Items 14-17, grant match for various grants, be removed on the basis that the City, not the former RDA, was obligated to a third party. Staff has removed the items under protest and noted in a footnote that Successor Agency reserves the right to present further evidence or argument that the items are enforceable obligations.

Staff also circulated an updated ROPS, indicating that DOF has determined that Line Items 4,5, and 13 should be paid out of the administrative cost allowance.

A motion was made by Board Member Wahl and seconded by Board Member Burkland to approve the Revised Recognized Obligation Payment Schedule for the period July - December 2012.

The motion carried: 6-0-1

E. **Upcoming Agenda**

Senior Planner Tillman indicated that at the next meeting in August, the Oversight Board will begin discussing property disposition.

Chair Gruendl requested there be a discussion regarding the outcome of the May 23, 2012 meeting with the Butte County Auditor Controller, not receiving the first payment and the possibility of litigation. The Department of Finance's determinations have left the City in a bad position financially.

Senior Planner Tillman reported that several other cities have filed suit against the DOF and county auditor-controllers for not making the May 16th payment. There is also concern in regards to the DOF overstepping its authority under the existing law.

F. **Reports and Communications** - The report and communication item was provided for the Committee's information. No action was taken.

1. Legislative Update on AB 1585, SB 986 and budget trailer bill 210 - **(Verbal Report - Senior Planner, Shawn Tillman)**

G. **Business from the Floor** - None

H. **Adjournment and Next Meeting** - The meeting adjourned at 9:25 a.m. to the next Oversight Board meeting scheduled for Wednesday, August 1, 2012, at 9:00 a.m. in Conference Room No. 1.

Date Approved: 9/5/12


Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Special Meeting of August 15, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema John Rucker Trevor Stewart Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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NOTE: On July 25, 2012, Chico Mayor Ann Schwab submitted a letter to Chair Gruendl appointing John Rucker to the Oversight Board, effective August 1, 2012, thereby replacing Dave Burkland on the Oversight Board.

John Rucker was sworn in prior to the start of this meeting by City Clerk Presson.

REGULAR AGENDA

A. APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD OF JANUARY - JUNE 2013

The Oversight Board considered adoption of a resolution approving the Recognized Obligation Payment Schedule for the period of January - June 2013. New legislation enacted in June 2012 requires that the Recognized Obligation Payment Schedule (ROPS) for the period of January - June 2013 be submitted to the Department of Finance (DOF) no later than September 4, 2012. If the ROPS is not submitted by that date, penalties of \$10,000 per day can be imposed on the Successor Agency along with a 25% reduction in the Administrative Cost Allowance. *(Report - Shawn Tillman, Sr. Planner)*

Senior Planner Tillman explained the need for the Special Meeting was based on new legislation that was enacted in June 2012, which requires the ROPS for the period January - June 2013 be approved by the Board and submitted to the Department of Finance no later than September 4, 2012. There will be significant penalties imposed for not meeting the deadline.

He provided an overview of AB 1484, which was signed into law on June 27, 2012. This bill is characterized as "clean-up" legislation and extensive and complex, with significant implications for successor agencies. It will require interpretation and implementation of new rules of conduct for the dissolution process.

Senior Planner Tillman also explained the July "true-up" payment, which was intended to distribute unencumbered funds from FY 11-12 to taxing entities. The method for calculating the payment was provided by the DOF, however, the calculation produced an incorrect amount, resulting in a payment demand of \$11.2 million. The primary reason for this error is that the DOF's method did not take into account that Chico had allocated its unencumbered fund balance to the January - June 2012 ROPS, which was done at the direction of the DOF and Butte County Auditor-Controller. Chico paid approximately \$961,000 on July 12 to avoid penalties. Chico has formally disputed the payment demand and has requested that the \$961,000 payment be returned based on Chico not having any unencumbered funds from FY11-12. Staff is awaiting the determination.

In addition, AB 1484 also provides that the DOF may order the State Board of Equalization to withhold sales and use taxes due to the City if the City does not meet payment deadlines subject to a Housing Fund Review and a Non-Housing Fund Review. The bill also establishes that after ODF issues a Notice of Completion, unencumbered bond proceeds may be spent subject to executing new contracts and property assets may be retained and used for economic development purposes. The legislation also establishes successor agencies as separate legal entities and requires oversight board actions to be formalized by adoption of a resolution.

Finance Director Hennessy reviewed the new form required by the DOF and the proposed ROPS for January-June 2013, known as ROPS III.

Board Member Stewart asked for staff to provide at a future meeting details about how AB 1484 affects property tax distribution.

Board Member Wahl asked that #2 in the resolution, which grants authority to the Finance Director to make changes on the ROPS without Board approval, be modified so as the Board does not give up its authority over the ROPS.

Both Senior Planner Tillman and Finance Director Hennessy assured the Board that only minor changes would be made based on ever changing information and there may not be time for the Board to meet prior to meeting specific deadlines.

A motion was made by Board Member Stewart and seconded by Board Member Bultema to adopt the following resolution:

RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CHICO REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 2013 THROUGH JUNE 2013 with an amendment on Page 2, #2, adding "excluding the page entitled "Recognized Obligation Payment Schedule (ROPS III) January 1, 2013 through June 30, 2012" after Exhibit A.

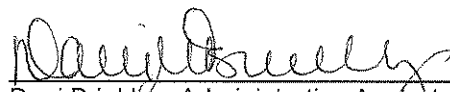
Ayes: Bultema, Rucker, Stewart, Visconti, Wahl, Gruendl
Noes: None
Absent: Gilbert

The motion carried 6-0-1

B. ADJOURNMENT

The meeting adjourned at 9:45 a.m. to the regularly scheduled Oversight Board meeting to be held on Wednesday, September 5, 2012, at 9:00 a.m. in Conference Room No. 1.

Date approved: 9/5/12



Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Meeting of September 5, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema Wes Gilbert John Rucker Trevor Stewart Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman City Clerk Presson Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

B. **Approval of Minutes dated May 23, 2012 and August 15, 2012**

A motion was made by Board Member Bultema and seconded by Board Member Stewart to approve the minutes.

The motion carried 7-0.

C. **Approval of Revised Recognized Obligation Payment Schedule for the Period of January-June 2013 (Report - Shawn Tillman, Senior Planner)**

Senior Planner Tillman reported that at the 8/15/12 Oversight Board meeting, staff anticipated meeting with the Department of Finance (DOF) to request that the DOF rescind the previous payment demand of \$11 million because staff believes the amount demanded was erroneous. The Successor Agency made a payment on the demand of \$961,000 to avoid potential penalties.

Staff requested the DOF return the \$961,000 and rescind the payment demand. DOF has issued a response indicating they do not have the authority to modify the demand. However, Successor Agency staff is scheduled to meet with the Butte County Auditor Controller and request that the demand be reduced to zero. The City is prepared to loan the funds to the Successor Agency, with the payments being placed on the revised ROPS. Finance Director Hennessy explained the loan would require Chico City Council approval and the Oversight Board would need to approve the addition of the loan payments on the ROPS.

In addition, there are four obligations on the ROPS III which represent local match for federal grants that were denied by the DOF on the June -December 2012 ROPS. The DOF has since directed that the items be included along with the agreements that establish the items as enforceable obligations.

Board Member Stewart asked what the loan terms will be that are put forth to the City Council for approval, such as the interest rate.

Senior Planner Tillman stated the interest rate will be based on the current Local Agency Investment Fund (LAIF) rate and the terms and the loan agreement will be on an upcoming City Council agenda.

Board Member Stewart stated he was not comfortable approving a loan with no idea of what the Board is approving.

A motion was made by Board Member Gilbert and seconded by Board Member Rucker to adopt the following resolution:

RESOLUTION NO. 2-12 - RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CHICO REDEVELOPMENT AGENCY APPROVING THE FIRST REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY 2013 THROUGH JUNE 2013

Ayes: Bultema, Gilbert, Rucker, Visconti, Wahl, Gruendl
Noes: Stewart

The motion carried 6-1.

Board Member Stewart explained his "no" vote being based on he would rather see all allowable uses of the bond proceeds and defeasance of the bonds.

D. **Upcoming Agenda**

Senior Planner Tillman stated that at the next regular meeting, the Oversight Board will hold a public comment session on the Housing Due Diligence Review. Future topics will be include introduction of the Long Range Property Management Plan as well as bringing forward the loan agreement between the City and the Successor Agency.

E. **Reports and Communications** - None

F. **Business from the Floor** - None

G. **Adjournment and Next Meeting** - The meeting adjourned at 9:38 a.m. to the next Oversight Board meeting scheduled for Wednesday, October 3, 2012, at 9:00 a.m. in Conference Room No. 1.

Date approved: 11/7/12



Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Meeting of October 3, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema Wes Gilbert John Rucker Trevor Stewart Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

B. **Public Comment Session - Housing Due Diligence Review**

The Oversight Board convened a public comment session on the Low and Moderate Income Housing Fund Due Diligence Review. The public comment session is required to be held at least five business days prior to the Oversight Board holding the approval vote for the Due Diligence Review, which is scheduled for October 10th.

Finance Director Hennessy provided a summary of the findings of the audit.

Chair Gruendl opened the public commenting period. No one wished to speak.

C. **Upcoming Agenda**

Senior Planner Tillman reported that at the October 10th meeting, the Board will be asked to approve the Housing Due Diligence Review and also approve the loan agreement between the City of Chico and the Successor Agency. The Board will review the long range management plan at it's November meeting.

Chair Gruendl asked if the Board could meet at 8:00 a.m. on October 10th. The Board agreed to meet at 8:00 a.m.

Board Member Stewart request that several options be provided when looking at the assets management plan, including turning the assets over to the City, selling assets, etc.

D. **Reports and Communications** - The report and communication item was provided for the Committee's information. No action was taken on the item.

1. Update on ROPS III review and Successor Agency request for revised true-up demand.

SP Tillman reported that staff has been in contact with the analyst reviewing ROPS III and to date, there have no questions.

Last week, staff met with the Butte County Auditor Controller to request a revision to the \$11.2 million true-up demand made by the Department of Finance (DOF). Both the Auditor-Controller and the DOF acknowledge there is an error in the calculations, however both agencies claim to not have the authority to change it.

FD Hennessy stated the Successor Agency will continue efforts to get the demand lowered so the findings of completion can be issued.

E. **Business from the Floor** - None

- F. **Adjournment and Next Meeting** - The meeting adjourned at 9:27 a.m. to an adjourned regular meeting of the Oversight Board on Wednesday, October 10, 2012, at 8:00 a.m. in Conference Room No. 1.

Date approved: 11/7/12


Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Meeting of October 10, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema Wes Gilbert John Rucker Trevor Stewart Steve Visconti Larry Wahl	<u>Staff present:</u> Senior Planner Tillman Finance Director Hennessy Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

- B The Department of Finance has directed that a loan between the City and the Successor Agency that would reimburse the City for payments made on enforceable obligations of the Successor Agency can be authorized under AB 26 and AB 1484. The loan will be an enforceable obligation on the Successor Agency's Recognized Obligation Payment Schedule, and repayment will come from future property tax revenues. Oversight Board approval was required for the Successor Agency to enter into an agreement with the city that formed the redevelopment agency it is succeeding. ***(Report - Shawn Tillman, Senior Planner)***

Senior Planner Tillman reviewed the terms of the loan agreement.

A motion was made by Board Member Rucker and seconded by Board Member Visconti to adopt the following resolution:

RESOLUTION NO. 3-12 - RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CHICO REDEVELOPMENT AGENCY APPROVING A REQUEST TO ENTER INTO A LOAN AGREEMENT WITH THE CITY OF CHICO

Ayes: Bultema, Gilbert, Rucker, Visconti, Wahl, Stewart, Gruendl

Noes: None

The motion carried 7-0.

- C. Under the provisions of AB 1484, the Oversight Board is required to approve the Low and Moderate Income Housing Fund Due Diligence Review prior to it being submitted to the Department of Finance. A public comment session was held on this document on October 3, 2012. ***(Report - Shawn Tillman, Senior Planner)***

Senior Planner Tillman reported that no comments from the public have been received.

A motion was made by Board Member Stewart and seconded by Board Member Rucker to adopt the following resolution:

RESOLUTION NO. 4-12 - RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CHICO REDEVELOPMENT AGENCY APPROVING THE LOW AND MODERATE INCOME HOUSING FUND DUE DILIGENCE REVIEW

Ayes: Bultema, Gilbert, Rucker, Visconti, Wahl, Stewart, Gruendl

Noes: None

The motion carried 7-0.

D. **Upcoming Agenda**

Senior Planner Tillman reported that the upcoming agenda will focus on the Long Range Property Management Plan, including a list of assets.

Chair Gruendl advised that Board Member Stewart had previously requested that the discussions include alternative uses for asset disposition proceeds, including defeasance of the bonds.

Senior Planner Tillman indicated this would be part of the discussions.

Board Member Bultema requested that the discussions also include information regarding Health and Safety Code 34180.

E. **Reports and Communications** - None

F. **Business from the Floor** - None

G. **Adjournment and Next Meeting** - The meeting adjourned at 8:20 a.m. to a regular meeting of the Oversight Board on Wednesday, November 7, 2012, at 9:00 a.m. in Conference Room No. 1.

Date approved: 11/7/12



Dani Brinkley, Administrative Analyst

Oversight Board
Successor Agency to the Chico Redevelopment Agency
Meeting of November 7, 2012 Minutes

<u>Board present:</u> Chair Scott Gruendl Kevin Bultema Wes Gilbert John Rucker Trevor Stewart Steve Visconti Larry Wahl - Absent	<u>Staff present:</u> Senior Planner Tillman Finance Director Hennessy Capital Project Services Director Varga Administrative Analyst Brinkley
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REGULAR AGENDA

A. **Roll Call**

Board Member Wahl was noted as being absent. All other Board Members were present.

B. **Approval of Minutes dated September 5, 2012, October 3, 2012, and October 10, 2012**

A motion was made by Board Member Rucker and seconded by Board Member Visconti to approve the minutes.

The motion carried 6-0-1 (with Board Member Wahl absent)

C. **Status of Park & 11th Project** - Board Member Wahl made an inquiry with staff regarding the clean up costs and grant funds associated with a now-suspended project of the former redevelopment agency. An e-mail response to Board Member Wahl's inquiry was copied to all Oversight Board members. This item is before the Oversight Board to provide clarification on the inquiry and to give an opportunity for staff to also clarify for the Oversight Board the relationship between housing and non-housing activities. ***(Report-Shawn Tillman, Senior Planner; Sherry Morgado, Housing & Neighborhood Services Director)***

Due to the absence of Board Member Wahl, who initially requested this update, this item will be re-scheduled for a future agenda.

D. **Real Property Assets of the Former Redevelopment Agency** - The former redevelopment agency held title to various real property assets acquired for a range of redevelopment purposes over the years. AB 1484 directs that a Long Range Property Management Plan be prepared that addresses the disposition and use of the real properties of the former redevelopment agency. This report provided the background and information to the Oversight Board in preparation for future discussions related to asset disposition. ***(Report-Shawn Tillman, Senior Planner)***

Senior Planner Tillman reported that a year before the dissolution, the Chico Redevelopment Agency held title to 14 parcels of land that had been acquired to further the redevelopment agency's non-housing programs and objectives. The holdings are in three primary areas, those being Chico Municipal Airport (five parcels), Humboldt Road Burn Dump (eight parcels) and the Comanche Creek Greenway (one parcel). The City has significant interest in retaining the airport parcels as they have been crucial in the establishment of a business and industrial park that have long been a part of the City's economic development strategy and policies. The City wants to continue exercising control and authority over the parcels in order to ensure the parcels are developed in an orderly and timely manner and consistent with the City's economic development policies, General Plan and airport use. The Humboldt Road Burn Dump consists of eight parcels, four of which are subject to long term post-closure monitoring. The parcels are restricted in future use and development in perpetuity. The remaining four parcels were remediated and can be developed without restriction. The site is zoned for commercial use and has been identified as a potential site for the California Highway Patrol headquarters. Comanche Creek Greenway is one parcel that was acquired for community use. It has been the subject of extensive neighborhood and stakeholder involvement to determine future use, which could be recreation and possibly for traffic circulation in the area.

Board Member Stewart asked if the properties transferred were already serving a government purpose.

Senior Planner Tillman indicated that the five airport parcels were transferred to the City to retain economic development opportunities. The property plans are specific. Currently the parcels are vacant. Four of the burn dump parcels can serve little purpose due to the long term monitoring; the remaining four parcels are not serving a government purpose.

Board Member Bultema stated that tax increment was used to purchase the airport properties, but asked if they were also used to purchase the burn dump.

Senior Planner Tillman stated the burn dump was acquired through the remediation process and the City has monitoring costs for 30 years. Those costs are paid with tax increment. He added that the RDA acquired Comanche Creek in 2006 as open space and for mitigation for future RDA projects. The General Plan update designates this parcel as open space, which includes trails, bike paths, greenway and possibly a bridge. Of the 14 parcels, this one fits into the government use. The remaining parcels are all vacant land.

Senior Planner Tillman reported there is a conflict with trying to sell assets now because the market isn't great. The Long Range Management Plan (LRMP) identifies all the assets and determines how the assets will be disposed. Some housing assets have already been transferred and are not part of this plan. The plan is about half complete and the next step is determining how to deal with assets, establishing the value and then selling price. In order for the Department of Finance to issue a Finding of Completion, the Housing and Non-Housing Due Diligence Reviews must be approved, as well as the LRMP.

Chair Gruendl asked if it was the intent of the management plan for Comanche Creek to transfer to CARD.

Board Member Visconti stated it is not "active" recreation area so it would stay with the City.

Board Member Stewart asked if it could be possibly be developed 30-50 years from now.

Senior Planner Tillman replied that it is not impossible, but very unlikely because it is difficult to revert primary open space to developable land.

Board Member Stewart stated he can see this being under government purpose and suggested moving forward with a resolution to remove this from the LRMP and transfer to the City.

Board Member Gilbert inquired about the chance of selling the burn dump parcels on the east side of the road for any other use.

Capital Project Services Director Varga stated there is no practical way these parcels will ever be anything other than a burn dump. There can be no soil movement.

Board Member Visconti asked about the burn dump properties on the west side of the road.

Senior Planner Tillman stated it is zoned commercial, but it's an isolated piece of land with limited commercial potential. It could be a municipal use. One possible use would be for CHP to trade the City for the current CHP site. He stated an education or administrative use could also be located there.

Board Member Rucker stated that the property could still be used for the location of the City's Police Department.

Board Member Stewart stated his general hope is that the intent should be the taxing entities benefit from the sale of the these properties and receive compensation. He does not want to transfer the properties to the City, wait for 20 years, then the City sells them and then gets all the funds.

Staff also explained land deals may be negotiated for the airport properties for uses such as economic development, with the City leasing the land for a nominal amount for job creation.

Board Member Stewart stated he would like to have, in the event the City decides to sell the land for \$1, that the City would then pay the taxing entities so much of the assessed or appraised value.

Board Member Gilbert asked what the City's role is in the LRMP.

Senior Planner Tillman replied that it is very limited and depends on what the Oversight Board calls for. Unless a role is structured into the plan, the City wouldn't have a role.

Board Member Bultema stated the plan becomes a very important document that defines how the Successor Agency may dispose of assets and should be set up with very controlled policies and procedures to protect the interests of the taxing entities.

E. **Upcoming Agenda**

Staff reported the Comanche Creek matter will be brought to the Board and Due Diligence Review, with a five day public commenting period to be held in January.

F. **Reports and Communications**

Senior Planner Tillman reported staff will be meeting with the Department of Finance on November 8th to discuss the ROPS and five items that are being removed from the ROPS. Four of the items are grants and one is a true-up payment. If the grant match funds are delayed, the grant funds will most likely be lost. This will affect the Cohasset Road widening project to the airport.

G. **Business from the Floor** - None.

H. **Adjournment and Next Meeting** - The meeting adjourned at 10:15 a.m. to a regular meeting of the Oversight Board on Wednesday, December 5, 2012, at 9:00 a.m. in Conference Room No. 1.

Date approved: Jan. 9, 2013


Dani Brinkley, Administrative Analyst