

**CITY OF SAN LEANDRO**  
**Successor Agency Oversight Board**

July 18, 2012  
9:00a.m.-10:00a.m.

South Offices Conference Room  
San Leandro Civic Center  
999 East 14<sup>th</sup> Street

**HIGHLIGHTS**

Board Members: Supervisor Wilma Chan, Dr. Hal Gin, Surlene Grant, Steve Hernandez, and John Jermanis

City staff present: City Manager Chris Zapata, Community Development Director Sims, Finance Director Baum, Business Development Manager Battenberg, Business Development Analyst Kay, Assistant City Attorney Bloch, Secretary Gonzalez

Public present: Anthony Varni, Jeanette Dong

The meeting was called to order at 9:09a.m.

**1. Call to Order/Announcements**

a. Roll Call

b. Adoption of May 23, 2012 Oversight Board  
M/S/C Grant/Jermanis, Ayes 4, Noes 0, Abstain 1

c. Announcements:

- Staff has received information regarding the legal firms being considered by other Alameda County successor agencies to provide representation for their Oversight Boards. As there is currently no need for legal advice, information likely won't be brought to the Oversight Board until later this calendar year.
- October 15, 2012 is the deadline for Due Diligence Review of housing assets and January 15, 2013 is the deadline for Due Diligence Review of non-housing assets. The next Oversight Board meeting will be scheduled for the first week of October.

**2. Update on Assembly Bill 1484: Redevelopment Dissolution/Unwind Trailer Bill**

City Manager Zapata and Business Development Analyst Kay reviewed the recent Department of Finance (DOF) notice dated July 9, 2012 of monies owed and due on July 12, 2012. The State claimed the Successor Agency owed \$6.5 million and provided 72 hours for payment or penalties would be owed. The penalties would be in the form of garnishing sales tax monies due the City. Staff reviewed the DOF analysis and determined that the true and correct amount owed, based on the requirements of Assembly Bill 1484, was \$521,589. The amount due was revised to reflect that the Alameda County Successor Agency owed approximately \$2.9 million for its share of the City of San Leandro/County of Alameda Joint Redevelopment Project Area and to clarify the DOF's treatment of "fund balance" expenditures on the ROPS. Staff determined that the most prudent course of action was to pay the undisputed amount, rather than risk incurring penalties or not having overpayment reimbursed. This appears to be what legal counsel in other cities also advised. Staff has requested a meeting with the Auditor-Controller

and DOF to discuss the concerns, potential penalties (1% of amount due plus additional delinquency fees) and next steps.

Board discussion included the legality of the DOF penalizing cities for Successor Agency actions as they are separate legal entities, Alameda County Successor Agency acknowledgement of their share of money owed and the logistical challenges of paying it, clarification of “Available Fund Balance” and “Redevelopment Property Tax Trust Fund,” next steps regarding ROPS, audits, “finding of completion” and “safe harbor” allowed for in AB 1484 and the increased authority given to the DOF.

### **3. Recognized Obligation Payment Schedule (ROPS) for Enforceable Obligation Payments and Administrative Budget for the period of January through June, 2013**

Presentation and review of the January – June 2013 ROPS included:

- 1) Bond payments for this period are smaller as they represent the interest only payments due in the Spring;
- 2) The garage is on schedule to be completed and therefore there is no expenditure identified for this period, however, the line item will continue on the ROPS until construction has ended;
- 3) The General Fund Loan remains on the ROPS but it may be disputed by the DOF consistent with past actions;
- 4) While no payments are due, the Cooperative Agreements for public improvement projects remain on the ROPS.

Board Discussion included questions on how to pay ROPS if there is no fund balance. Staff clarified that future payments will be made from the Redevelopment Property Tax Trust Funding received from the County Auditor-Controller.

#### **Action**

**Approval of Resolution Recognized Obligation Payment Schedule (ROPS) for Enforceable Obligation Payments and Administrative Budget for the period of January through June, 2013**

**M/S/C Gin/Jermanis, Ayes 4; Noes 0; Abstain 1**

#### **4. Board Comments – None**

#### **5. Public Comments -**

Anthony Varni questioned with whom he should be communicating regarding a pending lawsuit that has been filed. He stated that the Oversight Board had been sued in addition to the City and Successor Agency and that his clients have asked the Courts to gain oversight on prioritizing how and when monies are distributed. Discussion included the immediate need for counsel. Staff clarified the Oversight Board was not named in lawsuit. Consensus of the Oversight Board was that communications should be in writing to the Chair of the Oversight Board.

#### **6. Adjourn - The meeting was adjourned at 10:00.m.**