

**MINUTES OF THE SPECIAL MEETING OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE
COMMUNITY DEVELOPMENT COMMISSION/REDEVELOPMENT
AGENCY OF THE CITY OF SANTA FE SPRINGS**

MAY 29, 2013

1. CALL TO ORDER

The meeting was called to order at 4:35 p.m. by Vice Chair Anderson.

2. ROLL CALL

Present: Board Members Delawalla, Foley, González, Nguyen and Stone, Vice Chair Anderson, Oversight Board Counsel Peter Wallin, and Board Clerk Anita Jimenez

Absent: Chair Caton

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Board Member Stone.

4. CONSENT AGENDA

Approval of Minutes

A. Minutes of the February 27, 2013 Special Oversight Board Meeting

Recommendation: That the Oversight Board approve the minutes as submitted.

Board Member Foley moved the approval of Item 4A; Board Member Stone seconded the motion which passed unanimously.

NEW BUSINESS

5. Resolution OB-2013-014 – Approving a Loan Agreement Between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs and the Agreement with Colantuono & Levin Which is the Subject of Such Loan Agreement

Recommendation: That the Oversight Board adopt Resolution OB-2013-014 approving a loan agreement between the City of Santa Fe Springs and the Successor Agency to the Community Development Commission/Redevelopment Agency of the City of Santa Fe Springs (CDC) and the Agreement with Colantuono & Levin which is the subject of such loan agreement.

City Attorney Steve Skolnik stated that the Department of Finance (DOF) had disallowed the repayment of a loan between the City of Santa Fe Springs and the Santa Fe Springs Community Development Commission/Redevelopment Agency

(RDA) in the amount of \$9.3 million which was made in 2011, prior to the dissolution of redevelopment agencies. The City believes that the DOF misapplied the law. Therefore, the Successor Agency hired the law firm of Colantuono & Levin to file suit against the State. The City plans to loan money from the General Fund to the Successor Agency to pay the costs of the lawsuit until such time that the loan can be listed on a future ROPS. With the Board's approval, the Successor Agency can repay the City.

Board Counsel Peter Wallin indicated that this type of loan between the City and Successor Agency to pay litigation expenses is clearly within the law.

Board Member González asked if the loan from the City to the Redevelopment Agency (RDA) was legal at the time it was made. The City Attorney stated that it was and added that the State is attempting to invoke parts of the dissolution law, but the transaction was concluded before dissolution was enacted.

Board Member Delawalla referred to the letter from the DOF dated April 8, 2013, and asked Mr. Wallin what the DOF meant when they stated, "The loan was made in 2010, which was well after the first two years of creation." Mr. Wallin explained that loans are disallowed unless the City and the RDA entered into an agreement within two years of the formation of the RDA, which the City and the RDA did. It does not apply to when the loan was made. Board Member Delawalla asked what guarantee did the Board have that the City would not seek damages from the Board if they approved the loan and it was still denied by the DOF. Mr. Skolnik stated that the Board was only being asked to approve the loan to pay for litigation costs in the suit, not the loan which was made between the City and the RDA.

Board Member Delawalla asked what the purpose of the original loan was. Director of Finance Jose Gomez stated that the loan was intended for operating expenses of the RDA until the tax increment was received and could be used to repay the City. This practice was common in Santa Fe Springs and other cities for many years. Board Member González stated that this was the way that RDAs were set up to operate.

Board Member González asked if there was a cap on the loan to pay for the litigation. Mr. Skolnik stated that there was not.

Vice Chair Anderson asked if the Board would get updates on the progress of the lawsuit and its cost. Mr. Skolnik stated that they would.

Board Counsel Wallin stated that the Board's responsibility was to make sure that the Successor Agency does not exceed its powers.

Board Member González recommended that a cap be put on the loan request.

Board Member Stone moved to adopt Resolution No. OB-2013-014 with the amendment that the loan amount not exceed \$100,000. Board Member González seconded the motion which passed by the following roll call vote:

Ayes: Board Members Foley, González, Nguyen and Stone, Vice Chair Anderson

Noes: Board Member Delawalla

Absent: Chair Caton

6. Resolution OB-2013-015 – Approving the Satisfaction, Termination, and Release of Purchase and Sale Agreement Between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC

Recommendation: That the Oversight Board adopt Resolution OB-2013-015 satisfying, terminating, and releasing the Purchase and Sale Agreement between the Successor Agency to the Community Development Commission of the City of Santa Fe Springs, Villages at Heritage Springs, LLC, and RCS – Villages Apartments, LLC.

Jose Gomez stated that the DOF directed the City to bring this item to the Board.

Board Member Stone asked if the dissolution of RDAs invalidated any prior agreements. Mr. Skolnik stated that the State did not have authority to invalidate agreements between the City and private entities.

Board Member Nguyen asked the low-income units would still be involved in the development. Mr. Skolnik stated that this was a separate agreement which did not involve the low-income housing.

Board Member González moved to adopt Resolution No. OB-2013-015. Board Member Foley seconded the motion which passed by the following roll call vote:

Ayes: Board Members Delawalla, Foley, González, Nguyen and Stone, Vice Chair Anderson

Noes: None

Absent: Chair Caton

7. Resolution OB-2013-016 – Approving and Ratifying the Transfer of Housing Assets from the Former Community Development Commission/Redevelopment Agency to the Housing Successor

Recommendation: That the Oversight Board approve Resolution OB-2013-016 approving and ratifying the transfer of Housing Assets from the former Community Development Commission/Redevelopment Agency to the Housing Successor.

Board Member Stone moved to adopt Resolution No. OB-2013-016. Board Member Nguyen seconded the motion which passed by the following roll call vote:

Ayes: Board Members Delawalla, Foley, González, Nguyen and Stone, Vice Chair Anderson

Noes: None

Absent: Chair Caton

8. ORAL COMMUNICATIONS

Oral Communications were opened at 5:30 p.m. There being no one wishing to speak, Oral Communications were closed.

9. ADJOURNMENT

At 5:32 p.m., Vice Chair Anderson adjourned the meeting.

/s/ Leighton Anderson
Leighton Anderson
Oversight Board Vice Chair

ATTEST:

/s/ Anita Jimenez
Oversight Board Clerk

August 14, 2013
Date