STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE CITY OF INGLEWOOD FORMER REDEVELOPMENT AGENCY OVERSIGHT BOARD

CITY OF INGLEWOOD COUNCIL CHAMBERS ONE MANCHESTER BOULEVARD INGLEWOOD, CALIFORNIA 90301

Wednesday, September 25, 2013 6:00 p.m.

AUDIO LINKS FOR THE ENTIRE MEETING. (13-4636)

<u>Attachments:</u> Audio

CALL TO ORDER

Chair Butts, Jr., called the meeting to order at 6:07 p.m.

PLEDGE OF ALLEGIANCE

Chair Butts, Jr., led the Pledge of Allegiance.

ROLL CALL

Ivonne Evelyn Umana, Administrative Staff, called the roll:

Present: Board Members Margarita Cruz, Carolyn M. Hull,

La Tanya Kirk-Carter, Mark F. Weinberg and

Chair James T. Butts, Jr.

Absent: Board Member Jo Ann Higdon and Vice Chair Michael

PUBLIC COMMENTS REGARDING AGENDA ITEMS

Persons wishing to address the Oversight Board on any item on today's agenda may do so at this time.

Gil Mathieu and Diane Sambrano, members of the public, addressed the Oversight Board.

ADMINISTRATIVE MATTERS

1. Approval of the February 27, 2013 minutes. (13-4447)

on motion of Chair Butts, Jr., seconded by Board Member Cruz, duly carried by the following vote, the Oversight Board approved the February 27, 2013 Minutes:

Ayes: 5 - Board Members Cruz, Hull, Kirk-Carter, Weinberg

and Chair Butts, Jr.

Absent: 2 - Board Member Higdon and Vice Chair Banner

Attachments: February 27, 2013 Minutes

2. Consideration of establishing a new date and time for the regular meetings of the City of Inglewood Former Redevelopment Agency Oversight Board. (13-4448)

On motion of Board Member Cruz, seconded by Board Member Weinberg, duly carried by the following vote, the City of Inglewood Former Redevelopment Agency Oversight Board's regular meetings shall be held on the third Wednesday of every month at 6:00 p.m. held in the in the City of Inglewood City Council Chambers:

Ayes: 5 - Board Members Cruz, Hull, Kirk-Carter, Weinberg and Chair Butts, Jr.

Absent: 2 - Board Member Higdon and Vice Chair Banner

SUCCESSOR AGENCY STAFF UPDATES

1. Status of the Low and Moderate Income Housing Due Diligence Report Litigation (13-4449)

Board Member Cruz presented a verbal report informing the Oversight Board that the Successor Agency is currently in litigation pertaining to the Low and Moderate Income Housing Due Diligence Review (LMIDDR), disputing a \$13.9 million loan, and due to litigation, the Successor Agency staff has not received the Finding of Completion.

Chair Butts requested an explanation of the City of Inglewood Successor Agency's position in the pending litigation. Royce Jones, Successor Agency Legal Counsel, explained that the Successor Agency initiated litigation against the Department of Finance (DOF) with respect to a housing project that had a \$13.9 million loan from the former Redevelopment Agency, and the DOF is claiming that the \$13.9 million are receivable, and not construed to be an affordable housing asset. There is no clarity on the determination of payments of funds, and the receivables is being translated into becoming an actual cash payment, so it was determined to initiate litigation for (1) clarification, and (2) to ensure that that there was no claw back of any kind offsetting the City's sales or property taxes while the matter is being resolved.

Chair Butts added that the City opted to enter into ABx1 27, which allows the former Redevelopment Agency to continue redevelopment activities as a redevelopment agency; and reminded the Oversight Board that the California League of Cities challenged the ABx1 26 and ABx1 27, and the City of Inglewood did not challenged ABx1 27. If League of Cities did not challenged ABx1 27, that legislation would have been in effect today. Mr. Jones informed that the City entered into ABx1 27 in June 28, 2011, six months before the constitutional ruling of ABx1 26 and ABx1 27.

Board Member Kirk-Carter inquired on when the obligation is due, the terms of the loan, and when litigation is going to be heard. Mr. Jones explained that the loan is a residual receipt loan. It is paid back when money becomes available pursuant to the project operation. This loan is a 50-year loan, and not uncommon for affordable housing projects. Litigation is scheduled to be heard in December 2013.

Board Member Kirk-Carter further inquired on the worst-case scenario if the litigation is not prevailed. Mr. Jones responded that the Successor Agency will request to reconsider the matter by the California Superior Court. If the litigation is resolved, the only recourse the DOF would have are the assets of the Successor Agency.

By Common Consent, there being no objection (Board Member Higdon and Vice Chair Banner being absent), the Oversight Board accepted Ms. Cruz and Mr. Jones' report.

2. ROPS 13-14 A Department of Finance Determination (13-4455)

Board Member Cruz provided a verbal report on the Department of Finance (DOF) Determination of ROPS 13-14A, informing that the DOF allowed the Successor Agency to include the Hollywood Park agreement in ROPS 13-14A.

Board Member Weinberg inquired clarification if the \$4.0 million requested for Hollywood Park is for ROPS 13-14B. Board Member Cruz affirmed that the \$4.0 million is being requested for ROPS 13-14B.

By Common Consent, there being no objection (Board Member Higdon and Vice Chair Banner being absent), the Oversight Board accepted Ms. Cruz's report.

RECOMMENDATIONS

1. Review, approve and adopt a resolution approving the Recognized Obligation Payment Schedule 13-14 B (January 1, 2014 to June 30, 2014) (13-4450)

This item was taken concurrently with Recommendations, Agenda Item Nos. 2 and 3.

The Successor Agency provided a staff report for the Oversight to review and responded to questions posed by the Oversight Board.

Board Member Weinberg requested that the Successor Agency provide a brief response to the County Consultants memo on key issues identified on the draft ROPS 13-14 B. Board Member Cruz addressed the following in response to the County Consultant's memo:

Total Outstanding Debt Obligation - \$131.3 Million

The primary difference in the totals for ROPS 13-14A and ROPS 13-14B relates to the Hollywood Park Infrastructure Loan. In previous ROPS, the Hollywood Park agreement was disallowed; however, after a 'Meet and Confer', the Department of Finance (DOF) made the determination that the Hollywood Park agreement is valid. The Hollywood Project has received infusion of \$188.0 million in investments requiring additional expenditures from the public infrastructure grant. During the ROPS 13-14 A, the requested infrastructure amount was \$1.7 million. During the 13-14B the requested amount is \$4.0 million. This is the primary reason the total amount requested began at \$9.4 million to \$11.4 million.

<u>Total RPTTF Requested for the ROPS 13-14B Period (Exclusive of Administrative Allowance)</u>

The County Consultants commented that the expenses proposed where to be funded from the Reserve Balance. The Successor Agency is currently disputing the amount of the funds demanded by the State for the Low and Moderate Income Housing Fund, and the reserve balance reflects the Redevelopment Property Tax Trust Fund (RPTTF) that was previously approved, but not yet expended. The amounts deducted from the DDR are allowable expenses and not owed to the State as part of the DDR payment during this period.

Previously Denied ROPS 13-14B Items

The instruction sheet provided by the DOF specifically states that the Reserve Balance Funding Source should be identified as a fund source if an authorized amount was not fully spent, and the remaining authorized amount is expected to be paid in the subsequent ROPS period. The instruction sheet also states that the use of preceding periods of RPTTF should be listed under the reserve balance, with only the amounts being carried forward, with no additional money. This applies to Line Item Nos. 30, 54, and 76. Also, note, that the Successor Agency inadvertently omitted an amount of \$490,600 that should be placed on Line Item No. 83 for fencing repair.

Claimed Administrative Costs

It is the Successor Agency's position that AB 26 and AB 1484 allows the Successor Agency to seek RPTTF to implement the mandates of the legislation, which is the foundation of Line Item Nos. 2 and 4. Furthermore, 34171 (c) (F) also states that an enforceable obligation

includes 'Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134. Inclusive, AB 26 and AB 1484 Section 34171 (b) discusses exclusions to the administrative costs, which includes:

- a. Litigation expenses related to assets or obligation, settlements or judgments;
- b. Costs of maintaining assets prior to disposition; and
- c. Employee costs associated with work on specific project implementation activities

New ROPS 13-14B Items

The following Line Item Nos. were added to ROPS 13-14B

Line Item No. 104, Real Estate Broker Cost Related to Property Disposition - the Successor agency anticipates receiving the Finding of Completion (FOC) at the end of this ROPS period and disposition activity can begin;

Line Item No. 105, Operation Cost for Parking Structure - the Successor Agency owns the structure, which is being managed by the City. The Successor Agency was advised to list the structure on the ROPS 13-14B; and

Line Item No. 106, Real Estate Appraisal Cost Related to Property Disposition - the Successor Agency anticipates receipt of the FOC on the next ROPS period.

Board Member Hull requested clarification on the Cash - Asset Transferred, and not approved by the DOF as noted on Exhibit D of the 'Receive and Review of the Non Housing Fund Due Diligent Review Report'. Sharon Koike, Interim Finance Director, explained that Exhibit D is a breakdown of the assets transferred to the City of Inglewood from the former Redevelopment Agency. Ms. Koike also referred to Exhibit F, which lists all the transactions that were coming out of the cash accounts from the time the assets were transferred until June 30, 2012. Board Member Cruz, also added that the listing reflects the actual obligations that were identified as enforceable obligations pursuant to legislation, and it also include all items approved in ROPS 2 and 3, which are allowed to be deducted from the DDR.

Board Member Weinberg commented that the activity on the analysis of changes in Cash Transferred to the City between February 1, 2011 and June 30, 2012 is \$24,276,640.4, and was concern on the timeline the Successor Agency anticipate a response from the DOF. Ms. Koike addressed Board Member Weinberg's concern informing that once the Oversight Board approves the Non Housing Fund DDR, it would be sent to the DOF for review and determination, which can take up to 30 days. Should the results not be favorable, the Successor Agency would then schedule a 'Meet and Confer', which is the appeal process. Ms. Koike also commented that the Successor Agency worked diligently in providing detailed information to ensure an expedited response from the DOF. Ms. Cruz added that if the results of the DDR are favorable, the Successor Agency has five (5) days to pay the money identified in the DDR, which would be distributed to the taxing entities.

On motion of Chair Butts, seconded by Board Member Kirk-Carter, duly carried by the following vote, the Oversight Board adopted 'A Resolution of the Oversight Board to the City of Inglewood as Successor Agency Approving a Recognized Obligation Payment Schedule for January 1, 2014 through June 30, 2014' and 'A Resolution of the Oversight Board of the City of Inglewood as Successor Agency Approving the Administrative Allowances Budget for the ROPS Period from January 1, 2014 through June 30, 2014'; received and filed the Non Housing Fund Due Diligence Report Dated September 25, 2013; open the statutory public comment and received no public input; and continued the Non Housing Fund Due Diligence Review in accordance with AB 1484 to Wednesday, October 2, 2013 Special Meeting:

Ayes: 5 - Board Members Cruz, Hull, Kirk-Carter, Weinberg

and Chair Butts, Jr.

Absent: 2 - Board Member Higdon and Vice Chair Banner

Attachments: Staff Report, Resolution and ROPS 13-14 B

County of Los Angeles Consultants' Memo

2. Review, approve and adopt a resolution approving the Administrative Budget for 13-14B (January 1, 2014 to June 30, 2014) (13-4451)

Please see Recommendations, Agenda Item No. 1 for action taken.

Attachments: Resolution - Administrative Budget 13-14 B

3. Receive and review the Non Housing Fund Due Diligence Review (DDR) Report; convene a public comment session pertaining to the DDR Report, pursuant to California Health and Safety Code Section 34179.6 (b) (13-4452)

Please see Recommendations, Agenda Item No. 1 for action taken.

<u>Attachments:</u> Staff Report and Non-Housing Fund Due Diligence Review Report

PUBLIC COMMENTS REGARDING OTHER MATTERS

Persons wishing to address the Oversight Board on any other matter not elsewhere considered on this agenda may do so at this time.

There were none.

OVERSIGHT BOARD MEMBERS REMARKS

There were none.

<u>ADJOURNMENT</u>

The meeting adjourned at 6:45 p.m.

A Special Meetings has been scheduled for Wednesday, October 2, 2013 at 6:00 p.m. in the City of Inglewood City Council Chambers.

The next regular meeting is scheduled for October 16, 2103 at 6:00 p.m.