

**MINUTES**  
**Oversight Board of the Successor Agency**  
**of the Paradise Redevelopment Agency**  
**Special Meeting - 4:00 PM – May 29, 2012**

**1. OPENING**

The Special Meeting of the Oversight Board was called to Order by Chairman Steve “Woody” Culleton at 4:00 pm who led the pledge of Allegiance to the Flag of the United States of America.

**BOARD MEMBERS PRESENT:** Kevin Bultema, Butte County Office of Education, Assistant Superintendant; Steve “Woody” Culleton, Town of Paradise Mayor; Lauren Gill, Town of Paradise, Assistant Town Manager; Al McGreehan, Paradise Recreation & Parks District Board Member; George Siler, Butte County, Member of the Public; and Kim Yamaguchi, Butte County Board of Supervisors District 5 Member.

**BOARD MEMBERS ABSENT:** Trevor Stewart, California Community College Chancellor’s Office, Director of Business Services, Butte-Glenn Community College District.

**2. PUBLIC COMMUNICATION** - None.

**3. ITEMS FOR CONSENT CALENDAR** - None.

**4. ITEMS FOR CONSIDERATION - ACTION CALENDAR**

Gina Will, Finance Director for the Town of Paradise Successor Agency to the Paradise Redevelopment Agency, reported that the purpose of the special meeting is for the Oversight Board to consider approving a Reportable Obligation Payment Schedule (ROPS) for submission to the Butte County Auditor/Controller prior to June 1, 2012. The Butte County Auditor Controller must have an approved ROPS in order to make a distribution from the Redevelopment Property Tax Trust Fund (RPTTF) for debt to the Successor Agency for debt service requirements of July through December 2012.

Finance Director Will also informed the Oversight Board that that the ROPS approved by the Oversight Board on April 26, 2012 for the period January through June 2012 was approved by the California Department of Finance with the exception of items 4, 5, & 6, Town of Paradise loans to the Redevelopment Agency totaling \$1 million. Ms. Will stated that it is the intention of the Successor Agency to send a letter to the California Department of Finance (DOF) disagreeing with the three loans being removed from consideration as the loans are valid contracts between the Town of Paradise and the former Paradise Redevelopment Agency (RDA).

Dwight Moore, Attorney for the Town of Paradise Successor Agency to the Paradise Redevelopment Agency, informed the Board that he sees two problems. (1) If the Town doesn’t receive the money for the loans from the RPTTF and is sent to other taxing agencies, those receiving entities will not want to give the money back if the law

is changed. He thinks the County Auditor needs to set those funds aside until the matter is decided. There is a hearing scheduled tomorrow during which other California cities will be asking that the funds for loans be set aside; and, (2) That there is litigation pending as to whether or not this law can be enforced, that he supports resisting and opposing the DOF determination, and that the Successor Agency will be putting a response together in defense of the loans sometime this week. Attorney Moore informed the Oversight Board that the DOF has three business days to assert whether or not it wants to review an act of the Oversight Board and then the DOF has ten days to respond.

Finance Director Will informed the Board that the response from the DOF, relating to the ROPS approved by the Oversight Board on April 26, 2012, was received by the Town on May 22, 2012, although the letter is dated May 11, 2012; and, that the necessary documents were received by the DOF on May 1, 2012. Ms. Will stated that the Town would like to re-submit both ROPS, that the second ROPS would go forward to the Butte County Auditor and the DOF immediately and the first ROPS would go to DOF with a letter of response to the May 11, 2012, DOF letter.

Attorney Moore stated that neither the Town or the Successor Agency was notified of the meeting with the other taxing entities whereat it was stated that an approved ROPS for the period July through December 2012 was necessary by June 1, 2012 in order for distribution of funds from the RPTFF. Mr. Moore has requested that he be notified of all future meetings.

Board Member Bultema stated that one of the issues with the loans is the close relationship between cities and redevelopment agencies; and, that some loans have language such as "repayment will be made when funds are available", and that the board keep in mind that they are hearing from the Successor Agency to the Town of Paradise.

Finance Director Will informed the Board that the Town has very specific repayment schedules. Attorney Moore confirmed that the terms of the loans are very real and very specific and include amortization schedules. The reason the loans were made was because the agency was young and could only function with debt according to the law and without debt there is no tax increment, by statute. Bonds could not be issued without the existence of debt. The Town's actions were all accomplished according to California State law and on that basis would like to challenge the determination.

Board Member Gill stated that the Town set up its redevelopment agency according to California State law and made loans according to law, and that the Oversight Board was put together to oversee fairly the remaining assets of the redevelopment agency and that it is fair to honor the contracts. Board Member Yamaguchi questioned if the Oversight Board would be allowed to do so and Attorney Moore stated that the ROPS can be submitted but it doesn't mean it will be accepted and stated that there is a June 1, 2012 submission deadline which is not a statutory, but rather a real world deadline, as the statute states that the deadline is by the end of the FY June 30, 2012.

Board Member Culleton stated that he realizes the Town Attorney is the attorney for the Successor Agency, and not for the Oversight Board, and that the schedule was already approved by the Oversight Board, and that it is out of the hands Oversight Board as to whether or not it will be accepted by the DOF. The argument at the last meeting was if the loans were not on the schedule, the ability to challenge the determination would be lost.

Board Member McGreehan noted that the April 26, 2012 document was not included in the agenda packet. Finance Director Will left the chambers and returned with copies of the previously approved ROPS for the board members.

Board Member Bultema asked if all payments would be made in the month of July and that he would like to see the administrative fees broken out on a month to month basis, and not be shown as a lump sum of \$122,000.

Finance Director Will stated that the County distributes funds in a lump sum, that the Loan 4 payment was not made in March, and that payments relating to Loans 5 & 6 are due in July. Finance Director Will noted that the law does not require justification by the Successor Agency for the administrative costs, for which a minimum of \$250,000 is allocated.

Board Member Culleton stated that he thinks it is the job of the Oversight Board to justify amounts on the ROPS, and Board Member McGreehan stated the point might be moot as DOF only disagrees with the loan amounts on the schedule. Board Member Bultema stated that one of the Oversight Board tasks is to approve a budget for the administrative costs and that the Successor Agency is asking for approval of an item for which a budget has not been presented.

Attorney Moore stated the \$250,000 amount is set by statute and the agency is required under law to ask for the administrative fees. If not spent in the year then there is a system for future allocations of unused monies.

**4a-1: MOTION by Bultema, seconded by Yamaguchi,** (1) Approved the Recognized Obligation Payment Schedule for the period of July 1, 2012 through December 31, 2012 with the direction that the administrative fee in the amount of \$123,000 be broken out evenly by month on the schedule; and, directed that an administrative budget (for the Successor Agency) be brought back for approval by the Oversight Board at the next Oversight Board meeting. Roll call vote was unanimous; Board Member Stewart absent and not voting.

**4a-2: MOTION by McGreehan, seconded by Gill,** approved the Recognized Obligation Payment Schedule for the period January 1 through June 30, 2012 (previously approved by the Oversight Board on April 26, 2012) and to include the schedule with a letter as suggested by staff in response to the letter from the Department of Finance (dated May 11, 2012). Roll call vote was unanimous; Board Member Stewart absent and not voting.

Board Members concurred to direct staff to provide estimates of projected tax increment revenue as it relates to the amount of obligated debt for the next Oversight Board meeting agenda. Board Members concurred that the June 21<sup>st</sup> agenda also include a budget for administrative fees, rules of conduct, and retention of legal counsel.

**5. CLOSED SESSION** - None

**6. ADJOURNMENT**

The meeting was adjourned at 4:59 p.m.

DATE APPROVED: June 21, 2012

By \_\_\_\_\_  
Steve "Woody" Culleton, Chair

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Joanna Gutierrez  
Paradise Town Clerk