
The Oversight Board of the Successor Agency to the Paradise Redevelopment Agency

Meeting Minutes 3:00 PM – April 26, 2012

1. OPENING

The first meeting of the Oversight Board of the Successor Agency to the Paradise Redevelopment Agency was called to order by Board Member Al McGreehan. Following the pledge of allegiance to the Flag of the United States of America, the roll call was called by Town Clerk Joanna Gutierrez.

Board Members Present:

1. Kevin Bultema, Assistant Superintendent, Butte County Office of Education
2. Steve “Woody” Culleton, Town of Paradise Mayor
3. Lauren Gill, Town of Paradise, Assistant Town Manager
4. Al McGreehan, Paradise Recreation & Parks District Board Member
5. George Siler, Butte County Member of the Public
6. Trevor Stewart, California Community College Chancellor’s Office Director of Business Services, Butte-Glenn Community College District,
7. Kim Yamaguchi, Butte County Board of Supervisors District 5 Member

d. The Oath Of Office Administered to Board Members by Town Clerk Gutierrez

2. PUBLIC COMMUNICATION – None.

This is the time for members of the audience who have completed a “Request to Address Board” card and given it to the Clerk to present items not on the Agenda. Comments should be limited to a maximum of three minutes duration. The Oversight Board is prohibited by State Law from taking action on any item presented if it is not listed on the Agenda.

3. ITEMS FOR CONSENT CALENDAR – None.

A roll call vote will be taken one time for all items placed on the consent calendar.

4. ITEMS FOR CONSIDERATION - ACTION CALENDAR

a. Selection of Chair and Vice Chair.

Town Clerk Gutierrez opened the floor to nominations for a Chairperson.

Board Member Yamaguchi nominated Steve “Woody” Culleton.

- 4a1. MOTION by Culleton, seconded by Siler**, closed the nominations for Chair. Board vote to close nominations was unanimous. By unanimous vote, Steve “Woody” Culleton was selected to serve as the Chairperson of the Oversight Committee.

Town Clerk Gutierrez opened the floor for nominations for a Vice Chairperson.

Chairperson Culleton nominated Al McGreehan.

- 4a2. MOTION by Siler, seconded by Yamaguchi**, closed the nomination for Vice Chair. Board vote to close nominations was unanimous. By unanimous vote, Al McGreehan was selected to serve as Vice Chairperson of the Oversight Committee.

4b. Discussion of Policies and Procedures.

Town Manager Charles L. Rough, Jr., stated that the February 1, 2012 dissolution of Redevelopment in the State of the California is the result of action by the State legislature (AB1X 26 that amended the California Health & Safety Code relating to community redevelopment). Manager Rough informed the Board that the Town Council has designated the Town of Paradise as Successor Agency to the Paradise Redevelopment Agency, and discussed the role of this Oversight Board in overseeing and approving actions of the Successor Agency in dissolving and disposing the assets of the former Paradise Redevelopment Agency. Manager Rough informed the Board that Successor Agency staff members have met with the County Auditor to go over the County’s understanding of the law; that there are a lot of unanswered question as the process is not clearly and fully defined; that the Oversight Board will be looking at the assets, enforceable obligations and properties of the former Paradise Redevelopment Agency; and that the main goal of today’s meeting is to set forth policies and procedures to this Oversight Board. Manager Rough thanked the Board Members and introduced Town Attorney Dwight Moore.

Town Attorney Dwight L. Moore stated that he is the attorney for the Successor Agency, that it would be a conflict for him to be the attorney for the Oversight Board, provided and reviewed with the Oversight Board handouts that outlined and included copies of the Health & Safety Code Statutes 34179, 34180 and 34181 that set forth the makeup and powers of an Oversight Board. The Board is made up of seven members, four of which constitute a quorum. An Oversight Board must comply with the Ralph M. Brown Act (the open meeting laws contained in the Government Code); the Public Records Act; and, the Political Reform Act. Attorney Moore provided the Oversight Board with a copy of an 11-page advice document from the Fair Political Practices Commission dated April 25, 2012 regarding applicability of the conflict of interest code and financial disclosure provisions, and discussed the applicability of Government Code Section 1090 relating to contracts. The Successor Agency is responsible for costs relating to meetings of the Oversight Board and Oversight Board Members may not be compensated for their duties. Attorney Moore stated that the primary duties of the Oversight Board is overseeing the winding down of the activities of the Successor Agency concerning the repayment of debts; disposal of assets; determining whether or

not contracts, agreements, or arrangements should be terminated or renegotiated to reduce the Successor Agency's expenses and increase net revenues to taxing entities; and, discussed potential problems and legal challenges associated with unilateral changes to contractual arrangements for the purpose of increasing revenue. Attorney Moore stated that Oversight Board actions do not take effect for three days so that the State Department of Finance may review the actions.

- 4b1.** Oversight Board concurred that there is a requirement for each Oversight Board Member to file a Form 700, Assuming Office Statement, with the Paradise Town Clerk within thirty days of the date of this first meeting.

Attorney Moore provided the Oversight Board with a set of suggested bylaws.

- 4b2.** Oversight Board concurred to place discussion and adoption of bylaws on their next meeting agenda. Chairman Culleton stated that he would provide the Oversight Board with a copy of the Town Council's Conduct of Council Meetings for review.

c. Discussion, review and approval of Recognized Obligation Payment Schedule ("ROPS")

Finance Director Will provided the Oversight Board members with a copy of the Recognized Obligation Payment Schedule (ROPS) adopted by Paradise Redevelopment Agency Resolution No. 12-02, informed the Board that a draft of the schedule has already been transmitted to the State Department of Finance to comply with their April 15, 2012, deadline, and discussed the details of the obligations on the schedule: tax allocation note, tax allocation bond, land purchases, loans, contracts, fees and costs.

Board Member Stewart asked if the Department of Finance has reviewed the draft ROPS in that, from his experience on other oversight boards for the City of Chico and City of Gridley, the Department of Finance has requested that loans to cities be removed from the schedules. Finance Director Will reported that the Department of Finance informed her they have received the schedule; and, that she and the Town Attorney have had many conversations about the conflicts in the law, that these loans are valid obligations between the agencies and should remain on the schedule as there is legislation pending to correct the conflicts, and that repayment to the Town is crucial.

Attorney Moore explained the law that relates to loans made within the first two years of the life of a redevelopment agency, that it is unconstitutional for private contracts to be changed and the question is how the law applies to contracts with public entities. Attorney Moore stated that he thinks the matter should be litigated as the loans were made to finance redevelopment activities with the understanding that there would be repayment. Attorney Moore stated that if the loans are not on the schedule, then there will be no right to challenge any demand for removal, that he has had numerous discussions with other city attorneys, that this matter has already been challenged in court and the implication is that the intent of the law was not to preclude the repayment of these types of loans, rather to preclude "playing games" and the obligating of funds

knowing there is an effective date of dissolution of redevelopment. Attorney Moore stated that there were valid legal reasons for the contracts as they were made in furtherance of the Paradise Redevelopment Agency's activities.

Board Member Bultema asked for clarification of what the "administrative services" description for the three loans refers to, and Town Manager Rough stated the funds have been expended for services relating to the Downtown Master Plan, including engineering and 30% plans, as well as for legal costs associated with the agency, business assistance and expansion programs.

There was discussion relating to the minimum amount of \$250,000 that is to be paid to the successor agency for costs related to the dissolution of a redevelopment agency. Chairperson Culleton stated that it is his understanding that the question of where the funding for those costs will come from has not been answered, and that the County Auditor had removed the loan amounts from the total amount for the purpose of calculating the projected minimum costs due back to the successor agency, and that the job of the Oversight Board is to confirm that what is on the obligation schedule is valid and real.

Board Member Yamaguchi asked if the Board would be in conflict with the law in leaving the loan amounts on the obligation schedule if the County Auditor has removed them. Chairman Culleton clarified that the loan amounts were listed on the schedule but not included in the repayment projection. The County Auditor has the dilemma of certifying the schedule before the State makes a decision.

Finance Director Will stated that the Oversight Board is being asked to approve the obligation schedule in a total amount of \$7,094,218.30, and a recognized amount for January through June 2012 of \$580,346.

Board Member Bultema stated that he would like more information about the loans and that the ROPS must be certified by the Board by July 1st. Board Member McGreehan stated that knowing the schedule will be audited a better description would be prudent.

Board Member Stewart stated that those three items are listed in the notes payable description of audited statements of the Paradise Redevelopment Agency and that he thinks the Board could utilize a different description in the schedule based on the description in the audit and that the Board will take subsequent action based on what the County auditor certifies, which has not yet occurred.

- 4c. MOTION by Stewart, seconded by McGreehan**, directed staff to amend the Reportable Obligation Payment Schedule to clarify the description of the loans as "Notes Payable" with the associated date of the original note (in place of the description "Administrative Expenses") and approved the Recognized Obligation Payment Schedule (ROPS) with those changes. Roll call vote was unanimous.

d. Review of Redevelopment Agency owned properties.

Town Attorney Moore informed the Board that the properties of the former Paradise Redevelopment Agency are to be sold unless they are for a governmental purpose. Town Manager stated that in addition to the issue of transferring the properties to another agency, there is also debate as to when the properties must be sold, and that sale and/or transfer will be done under the authority of the Oversight Board.

e. Per ABx1 26 Section 34179 (h) the Oversight Board must designate an official with whom the Department of Finance may communicate and shall provide telephone number and email contact information.

- 4e. MOTION by Bultema, seconded by Yamaguchi,** designated Trevor Stewart as the official with whom the Department of Finance would communicate. Roll call vote was unanimous.

Board Member Stewart requested that if the Successor Agency to the Paradise Redevelopment Agency receives any communications relating to the dissolution of the redevelopment agency that it be shared with the Oversight Board.

f. Selection of Legal Counsel (optional)

- 4f.** Oversight Board concurred to continue selection of legal counsel to the next meeting.

g. Future Oversight Board Meetings.

- 4g.** Oversight Board concurred to meet again in mid-June and that the Town Clerk would contact the Oversight Members to coordinate the date and prepare the next meeting agenda.

5. CLOSED SESSION - None

6. ADJOURNMENT

Chairman Culleton adjourned the Oversight Board meeting at 4:25 pm.

Date Approved: June 21, 2012

Steve "Woody" Culleton, Chairperson

Joanna Gutierrez, CMC, Town Clerk
Acting Oversight Board Secretary