

**PINOLE OVERSIGHT BOARD AGENDA  
SPECIAL MEETING MINUTES  
(OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PINOLE  
REDEVELOPMENT AGENCY  
September 18, 2013**

**1. CALL TO ORDER & PLEDGE OF ALLEGIANCE**

Chair Long called the Special meeting of the Oversight Board of the Successor Agency of the Pinole ("Oversight Board") to order at 4:03 p.m. in the Pinole City Council Chambers, 2131 Pear Street, Pinole CA. Board Member Drazba led the Pledge of Allegiance.

**2. ROLL CALL, CLERK'S REPORT & STATEMENT OF CONFLICT**

Board Members Present:

Mary Drazba,  
Maureen Toms  
Debbie Long,  
Peter Murray  
Norma Martinez-Rubin  
John Marquez arrived at 4:08 p.m.

Members Absent:

Whitney Dotson - The voting record reflects his absence.

Staff Present:

Hector De la Rosa, Assistant City Manager  
Stephanie Downs, Legal Counsel  
Richard Loomis, Finance Director  
Patricia Athenour, City Clerk

**3. PUBLIC COMMENT**

No speakers addressed the Oversight Board.

**4. CONSENT CALENDAR MATTERS**

- A. Approve the Minutes of May 2, 2013

**ACTION: Motion by Board Member Toms/Drazba, the Board approved the Consent Calendar, as presented.**

**Vote: Passed 6-0-1; Absent: Dotson**

**5. MATTERS FOR CONSIDERATION**

- A. Review and Approve the Recognized Obligation Payment Schedule (ROPS 2013-14B) For January - June 30, 2014 - \$1,438,669 [**OS Board Report 2013-04; Action: Adopt Resolution Per Staff Recommendation (Espinosa / Loomis)**]

Mr. Loomis presented Staff Report 2013-04 into the record, stating that the ROPS must be submitted prior to October 1, 2013. Referring to Attachment B, Loomis said that the DOF requires that all items remain on the schedule as an audit trail even after they are fully paid. He noted that Item 41 was a new item. Loomis summarized the report and said the two ROPS periods are not balanced. In spring, there are "interest only" payments on the bonds, and in the fall there are both interest and debt payments. "A" is designated for July – December and "B" for January – June.

Item 41 was created to add a funding request for legal services for the asset transfer dispute between the City (Successor Agency) and the Department of Finance. He reported that Pinole made a decision to proceed with litigation, if the State moves to issue a final letter of determination on the Due Diligence Reviews to place a lien against the monthly sales tax or property tax. To date, the City has not received a Final Letter of Determination on the Non-Housing Funds.

Mr. Loomis said the City expends the money for legal expenses and would be repaid through the ROPS process on the disputes of the assets transfers, explaining that it had been done by other agencies in similar situations. The estimate of the cost of defending the City's position is \$60,000 and that amount has been included in the ROPS as Item 41.

From this point forward there will be a true-up on the ROPS expenditures. All the projects are substantially complete. The last project to close out was to the West Contra Costa Unified School District for the funding for the Middle School Soccer Field, and the Enforceable Obligations schedule are debt service and administrative fees. Mr. Loomis was available for questions.

Regarding the line item for legal costs to defend against the State, Vice Chair Toms asked Ms. Downs if she had seen this approved from the RPPTF fund. Ms. Downs responded affirmatively as long as separate billings were provided.

Vice Chair Toms asked whether the Oversight Board would need to approve entering into litigation. Ms. Downs said only the Successor Agency to the Former Redevelopment Agency would need to do so.

Vice Chair Toms asked if any loan involving the City and the Agency would appear on the ROPS. Mr. Loomis responded that FY 2014/15 was the first year they will be eligible to appear.

Vice Chair Toms raised several questions regarding the reporting format, comparing it to the filings by the County Finance Officer.

Boardmember Drazba asked the following:

1. Status of Item #19
2. Status of litigation on 2301 San Pablo Avenue.

Staff Responses:

1. No reimbursement had been received, and one is not expected. The City's sublease expires and the tenant will negotiate directly with the owner for a new lease. It has not been closed out as there could be some issues remaining that could require additional funding.
2. The case had not been settled on 2301 San Pablo and a breakdown would be provided on Item 41.

Chair Long said that it was not a benefit to keep Item #19 (\$5,500) on the books, and requested clarity on Item #24.

Mr. Loomis said that the Board could give direction to close #19. Item #24 (Shelter Bay contract) is still active; payments are still being received on the restaurant phase and there are annual audits. Further discussion continued on the Shelter Bay contract and it whether it was revenue neutral.

There was a brief discussion regarding paying for the benefits of former Redevelopment Agency staff.

**ACTION: MOTION BY BOARD MEMBERS MURRAY / DRAZBA, THE OVERSIGHT BOARD ADOPTED RESOLUTION 2013-02, APPROVING A FINAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY THROUGH JUNE OF 2014**

**VOTE: Passed: 6-0; Dotson Absent**

- B. Approve the Administrative Budget for the Pinole Successor Agency for January 2013 through June 30, 2014 [**OS Board Report 2013-05; Action: Adopt Resolution per Staff Recommendation (Espinosa/Loomis)**]

Mr. Loomis presented OS Board Report 2013-05, and summarized the budget items on Attachment B. He said that all expenditures are documents should the State audit the records. .

Board Member Martinez-Rubin asked if the publication costs in the administrative budget could be used for Public Notices for other boards and the response was negative.

**ACTION: MOTION BY MURRAY / MARQUEZ, THE OVERSIGHT BOARD ADOPTED RESOLUTION 2013-03, APPROVING AN INITIAL ADMINISTRATIVE BUDGET FOR THE ELEVEN (18) MONTHS BEGINNING JANUARY 2013 AND ENDING JUNE OF 2014**

**Vote: Passed 6-0; Dotson Absent**

- C. Department of Finance Final Determination to Due Diligence Reviews (DDR) for Housing and Other Funds of the Pinole Successor Agency [**OS Board Report 2013-06; Action: Informational Only – No Action Requested (Espinosa/Loomis)**]

Mr. Loomis presented OS Board Report 2013-06 into the record. He reported:

1. There were no additional monies from the Housing Fund to be distributed. The State determined that the City can retain the assets (the construction defect lawsuit account and several other properties that were housing related and the proceeds from loans for residential rehabilitation loans).
2. The non-housing funds remain in dispute. The proceeds from the sale of the two shopping centers, totaling approximately 13 Million, are held in a separate bank account. In addition the DOF has made a determination that the method used to distribute the funds from the sale of Fernandez Corner project was done improperly and there should be funds in excess of one million dollars that should be repaid to the Successor Agency. The State has taken the position, on mixed use projects, that all of those properties and any proceeds go to the Successor Agency for distribution to the agencies. When Fernandez Corner was sold, there was a loss on the property, and the \$1.5 million was

split between the housing and non-housing funds. The State asserts that the City is on the hook for the loss, and that remains an unresolved issue.

3. There were approximately \$760,000 of surplus bond reserves and the City made a case that it is needed to maintain a significant amount for cash flow. The State directed to pay the balance of \$141,000 to the County auditor, who remitted it to all the local taxing agencies.

Mr. Loomis said he was not sure how the issue will be resolved with the DOF on 2401 San Pablo Avenue, or the shopping centers.

Board Member Drazba said there was documentation to show that 2/3s of the funds to build 2401 San Pablo came from housing funds.

Ms. Downs responded that the DOF's issue is related to the difference between the amount that the property sold for and the book value of \$2.5 million. She said it would be precedent setting if they were to enforce that, and believe it is a misunderstanding and they were not sure how to deal with it.

Mr. Loomis said, to date, no final determination letter has been received.

- D. Cancellation of the Regular Meeting of October 2, 2013  
*Recommendation to Cancel Due to Lack of Business Items*  
**Action: Cancel October 2, 2013 meeting**

**There was unanimous approval to cancel the October 2, 2013 meeting.**

## **6. ADJOURNMENT 3**

At 5:06 p.m., Chair Long adjourned the meeting to the Regular Meeting of November 6, 2013.

**Submitted by:**

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**Patricia Athenour, MMC**  
**Pinole City Clerk / Clerk to the Board**