

MINUTES

REGULAR MEETING OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

January 28, 2020, 8:30 a.m.

1. CALL TO ORDER

A regular meeting of the Orange Countywide Oversight Board was called to order at 8:56 a.m. on **January 28, 2020** at the Rancho Santiago Community College District offices, 2323 N. Broadway, Santa Ana, California by Chairman Brian Probolsky, presiding officer.

Present:	5	Chairman:	Brian Probolsky
		Vice Chairman:	Steve Jones
		Board Member:	Chris Gaarder
		Board Member:	Charles Barfield
		Board Member:	Dean West
Absent:	2	Board Member:	Phillip E. Yarborough
		Board Member:	Steve Franks

Also present were Chris Nguyen, Staff; Patrick Bobko, Counsel; Kathy Tavoularis, Clerk of the Board; Clare Venegas, Consultant; and Zeshaan Younus, Consultant.

2. PLEDGE OF ALLEGIANCE

Led by Board Member West.

3. APPROVAL OF MINUTES FROM JANUARY 21, 2020

On the motion of Board Member Gaarder, seconded by Vice Chair Jones, the minutes from the January 21, 2020 Board meeting were approved, with Board Member Barfield abstaining.

4. ADOPT RESOLUTION REGARDING REQUESTS BY SUCCESSOR AGENCY FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET (*Totaling \$0*)

- a. **Cypress** – Chairman Probolsky noted the request is for a \$0 amount. Board Member Gaarder moved, seconded by Vice Chair Jones, to approve the item. Board Member West asked about the ambitious timeline for dissolution laid out by staff, and Staff

Member Nguyen explained that the timeline is set by statute and triggers once the last enforceable obligation is paid off. Board Member West asked if the Successor Agency has any outstanding properties, enforceable obligations, or litigation. Cypress Assistant Director of Finance Donna Mullally noted that all of the litigation has been taken care and the city no longer has any enforceable obligations. The motion was approved unanimously.

5. ADOPT RESOLUTION REGARDING REQUEST BY SUCCESSOR AGENCIES FOR CONTRACT AMENDMENT

- a. **Anaheim** – On motion of Board Member Gaarder, seconded by Board Member West, the item was approved unanimously.

6. ADOPT RESOLUTIONS REGARDING REQUESTS BY SUCCESSOR AGENCIES FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET *(The Oversight Board took straw votes on these agencies' draft Administrative budgets at the September 26, 2019 meeting)*

- a. **Anaheim** – On motion of Board Member Gaarder, seconded by Vice Chair Jones, the item was approved unanimously.
- b. **Fullerton** – Board Member Gaarder recused himself as he serves as a Fullerton Planning Commissioner. Board Member West moved approval. Vice Chair Jones seconded. Board Member West asked about line item #24 on the ROPS and whether it pushes the city over the allowable administrative costs. Fullerton Revenue Manager Ramona Castaneda confirmed that it would, however, the Department of Finance's direction has been to list it separately. The motion was approved, with Board Member Gaarder recusing himself.
- c. **Huntington Beach** – On motion of Board Member Gaarder, seconded by Board Member Barfield, the item was approved unanimously.
- d. **La Habra** – Board Member West moved approval. Board Member Barfield seconded. Board Member West noted that the ROPS looked clean. The motion was approved unanimously.
- e. **La Palma** - On motion of Board Member Barfield, seconded by Board Member West, the item was approved unanimously.
- f. **Mission Viejo** – Board Member Gaarder moved approval. Board Member West seconded. Board Member Gaarder expressed appreciation for the level of detail in the staff report. The motion was approved unanimously.

- g. Placentia** – Board Member Gaarder moved approval. Board Member Barfield seconded.

Board Member West asked if there are properties not shown on the ROPS since the administrative budget looks higher and there doesn't seem to be any justification other than information about the staff salaries. Brian Moncreif of Kosmont Companies introduced himself as a representative of the Placentia Successor Agency and noted that staff has spent a lot of time to satisfy the changing needs of the Department of Finance personnel and the Countywide Oversight Board/Auditor-Controller's office to justify staff time, and they understand the Department of Finance's and Oversight Board's direction to reduce administrative costs overall. Moncreif said as the enforceable obligations go away and loans are taken care, the intent is to reduce the administrative costs over time. Board Member West stated that he believes the Oversight Board has oversight responsibilities and that there are other Successor Agencies who can manage the same level of obligations with less cost, even though there's a maximum amount allowed under the statute.

Board Member West noted he was unable to attend in September to provide input. An example Board Member West noted of an agency that has good justification for its administrative costs is Fullerton, where they are managing current properties, but Placentia has fewer, so he is concerned there will be a point where there's not enough justification for ongoing cost. Board Member Gaarder suggested that Placentia commit to lowering its administrative budget going forward. Board Member West agreed with the suggestion, adding that he doesn't have a problem approving Placentia's ROPS today, but he does have a concern going forward. Moncreif did not agree to the suggestion, but stated Placentia's intent and goal is to reduce their remaining enforceable obligations, and once they have only bond obligations, they expect the administrative costs will be significantly reduced.

The motion was approved unanimously.

- h. Santa Ana** – Board Member Barfield moved approval. Board Member Gaarder seconded. Board Member West stated although Santa Ana only has a few obligations, they are still requesting the maximum \$250,000 for administrative costs, which seems excessive. Santa Ana Principal Management Analyst Susan Gorospe stated they follow the guidance of the State Department of Finance for the administrative cost allowance and that they still have properties under the Long Range Property Management Plan that have ongoing litigation. She anticipates that while they have requested the full amount, the actual administrative costs will be lower than that amount, and the difference can be applied to meet other outstanding obligations. Board Member West asked how much of the administrative budget had been unused in the past. Gorospe noted that page 2 of the staff report shows a three-year history of not utilizing the entire authorized administrative budget. For example, in FY2018-19, \$59,265 had not been used. The motion was approved unanimously.

7. ADOPT RESOLUTIONS REGARDING REQUESTS BY SUCCESSOR AGENCIES FOR ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET

- a. **Costa Mesa** – Board Member Gaarder praised Costa Mesa’s low administrative costs and moved approval. Board Member West seconded. The motion was approved unanimously.
- b. **San Juan Capistrano** – Board Member West stated that San Juan Capistrano’s administrative costs had been reduced appropriately and moved approval. Board Member Gaarder seconded. The motion was approved unanimously.
- c. **Seal Beach** - On motion of Board Member West, seconded by Board Member Gaarder, the item was approved unanimously.
- d. **Westminster** -- Board Member West praised the agenda item and moved approval. Board Member Gaarder seconded. The motion was approved unanimously.

COMMENTS AND ADJOURNMENT:

PUBLIC COMMENTS:

Clerk of the Board Tavoularis reported there are no public comment requests.

STAFF COMMENTS:

Staff Member Nguyen said the Board Members should have received an electronic reminder for their Form 700 form submissions, which are due April 1.

BOARD COMMENTS:

Board Member Gaarder requested an Oversight Board forecast/current budget and survey showing all of the Successor Agencies’ information, such as which ones have completed their Last and Final ROPS, the total amount of obligations, and the administrative budget amounts. Staff Member Nguyen said that there are some notable differences, such as Irvine where they have a large outstanding enforceable obligation amount for one item, compared to Huntington Beach which has numerous obligations but a smaller aggregate enforceable obligation amount. Chair Probolsky suggested adding the number of enforceable obligations to provide context.

ADJOURNMENT

Chairman Probolsky noted the next regular meeting of the Countywide Oversight Board is scheduled for April 21, 2020 and adjourned the meeting at 9:23 a.m.

BRIAN PROBOLSKY
CHAIRMAN OF THE COUNTYWIDE OVERSIGHT BOARD

KATHY TAVOULARIS
CLERK OF THE BOARD

DATE