

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA 90640**

Wednesday, July 24, 2013

8:15 a.m.

I. CALL TO ORDER

Chair Bruckner called the meeting to order at 8:20 a.m.

II. ROLL CALL

Ivonne Evelyn Umana, Oversight Board Staff, called the roll:

**Present: Board Members Edgar Cisneros, Denise Hagopian,
Megan Moret, Cheryl A. Plotkin,
Vice Chair Ernesto Hidalgo and Chair Richard Bruckner**

Vacancies: Community College Appointee

III. STAFF COMMUNICATIONS

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

There were none.

IV. RECOMMENDATIONS

- 1. Recommendation: That the Montebello Oversight Board adopt a resolution approving the transfer of real property that includes the Police Facility, City Hall, and Henry Acuna Park from the Montebello Successor Agency to the City of Montebello (APN 5294-014-903 and APN 5294-014-900). (13-3367)**

Christopher Cardinale, Successor Agency Legal Counsel, presented a detail overview of the staff report informing on the two parcels: Montebello City Hall, and Henry Acuna Public Park, and responded to questions posed by the Oversight Board. Francesca Tucker-Schuyler, City Administrator, presented Phillip Curls, City of Montebello Financial Analyst (Assistant Vice President, FirstSouthwest, A PlainsCapital Company).

Mr. Curls addressed the Oversight Board referencing the 2000 Certificates of Participation (COPs) and informing that currently there is \$13.3 million outstanding, with coupon rates ranging from 4.8% to 5.375%. The City of Montebello has an opportunity to refinance the COPs due to the current interest rate, which will produce a debt service savings. However, it has been noted that the interest rates have been increasing, and time is of an essence to refinance the COPs as soon as possible.

Chair Bruckner inquired on the rate and savings would be over time. Mr. Curls responded that the rates have increased based on the Federal Government information received a couple of weeks ago. It is projected that an all-inclusive rate of 4.7%, but that is subject to change. Ms. Schuyler added that when beginning the process of evaluating the restructuring of the COPs, it was estimated a savings of about \$250,000 a year in interest, and now it is estimated at \$210,000 due to the increase of interest rates. Ms. Schuyler also apprised the Oversight Board that the 2000 COPs remains the obligation of the Successor agency for one more year until October 2014.

Chair Bruckner requested further clarification on 2000 COPs pertaining to the obligation and/or finance by the City. Ms. Schuyler explained that the reimbursement agreement between the Successor Agency and the City, the 2000 COPS is an obligation of the Successor Agency for an additional year, and then it becomes the obligation of the City.

Therefore, Chair Bruckner stated that the obligation is in no way going to be placed on any future ROPS nor funded by the other taxing entities, because 100% of the 2000 COP obligation would be addressed by the City and its local resources. Ms. Schuyler confirmed the statement.

Mark Huebsch, Oversight Board Legal Counsel, questioned if the 1992 and 2000 COPs under the former Redevelopment Agency (RDA) was obligated, under the reimbursement, to pay all payments through the maturity of the certificates? Mr. Cardinale responded that the statement is correct, and reminded the Oversight Board that when reviewing the Due Diligence Review (DDR), a prepayment agreement between the City and the RDA and its transactions under the reimbursement agreement were not flagged. Under that agreement, the RDA prepaid approximately \$13 million of its debt service obligations to offset amounts the City owed under tax revenue and anticipation note it had taken out in September 2010.

Mr. Huebsch requested the status on the prepayment agreement that was noted in the DDR. Mr. Cardinale informed that the transaction was not flagged and that the amounts were transferred and approved.

Chair Bruckner commented that the reimbursement agreement between the Successor Agency and the City then collapses upon refinancing and there are no more obligations. Mr. Cardinale confirmed Chair Bruckner's statement and added that the Successor agency would not be a party to the new issuance. Mr. Huebsch questioned 'Does the reimbursement agreement collapse without regard to whether a refinancing is done?' Mr. Cardinale responded that the Successor Agency has already prepaid its obligations under the agreement, and effective October 2014 the Successor Agency's payment obligations ceased under the reimbursement agreement.

Chair Bruckner inquired if compensation would be provided to the Successor Agency. Mr. Cardinale clarified that the Successor Agency's position is that no compensation would be paid because the properties are in fact governmental purpose properties, and the public is benefitting substantially from the transfer of properties to the City, wherein the City would continue to provide necessary public services to the residents of Montebello.

Mr. Huebsch provided an explanation of Health and Safety Code Section 34181 and 34191 (a), concluding that both codes relates to "governmental purpose properties" and "governmental use properties," and clarified that the question was whether a payment is required, the Department of Finance has not provided clarity pertaining to the compensation in the context of governmental use properties.

Chair Bruckner requested that the resolution be amended to include a recital indicated that the Oversight Board heard from the Successor Agency staff, and acknowledged that there was no compensation.

Board Member Hidalgo inquired if the reimbursement agreement between the City and the RDA, and its payment of the \$13 million that was due on future COPs debt service would be accounted for compensation. Mr. Huebsch responded that it is not within the context of Health and Safety Code Section 34181, and added that if there were compensation, it would be compensation flowing to the taxing agencies, not compensation for any kind of remediation, which was paid for from the former RDA to the City.

Anna Arriola, member of the public, addressed the Oversight Board on the following concerns:

- 1. Why Taylor Ranch was not being discussed, and if the title of the property was located?**
- 2. Are all Successor Agency's property titles available?**
- 3. Will the Successor Agency's properties be sold at market value or under market value?**
- 4. Why is there no discussion on all the properties?**
- 5. Is there any documentation that would allow the division of the lands?**
- 6. Is the Successor Agency requesting a new loan or refinancing the current loan? Is more money being requested?**

Mr. Cardinale responded to Ms. Arriola's concerns, respectively:

- 1. Taylor Ranch will be discussed later once the Long Range Property Management Plan (LRPMP) is ready. City Staff and Successor Agency Staff are still investigating the title of the property and subsequent transactions that may implicate the title of the property.**
- 2. Titles to the properties are vested to date and the former Redevelopment Agency passed those titles to the Successor Agency, when the Redevelopment Agency was dissolved.**
- 3. The dissolution law requires that any properties being sold to private entities be done in a manner aimed at maximizing the value and the properties will try to be sold close as possible to market value.**
- 4. The other properties will be discussed once the Long Range Property Management (LRPMP) is completed, those properties are still in possession of the Successor Agency.**

5. **Pertaining to the division of land issue there is a reference that the Police station was to be sold to the RDA, and that the plot would be divided with City Hall and retained by the City. The transaction was never completed leaving all the land in possession of RDA.**
6. **The City is not requesting a loan for additional money, but refinancing the existing loan.**

Tom Dutcher, member of the public, also addressed the Oversight Board on the Taylor Ranch and provided information pertaining to contact and history of the property. Chair Bruckner thanked Mr. Dutcher on his information on the Taylor Ranch and referred the matter to the Successor Agency for further documentation and research.

Board Member Hagopian inquired if the documentation presented today was given at the Successor Agency's meeting. Mr. Cardinale informed that the information provided today was not provided at the Successor Agency's meeting. Ms. Schuyler added that the item in discussion today was placed in the Successor Agency's meeting as an information item only.

Board Member Hagopian informed the Oversight Board that she was under the assumption that items were voted at the Successor Agency meetings first, and then brought before the Oversight Board for approval. Ms. Schuyler explained that the item before them is in the jurisdiction of the Oversight Board, and Mr. Huebsch further informed that the procedure seems to be in line with the law.

Board Member Hagopian inquired if the Oversight Board received copies of the current title report and current trust deeds. Mr. Cardinale informed that the documents are not included in the report.

Mr. Huebsch relayed to the Oversight Board the following language for the resolution: "Whereas the Successor Agency has acknowledged that no payment will be made by the City or the Successor Agency for the benefit of the taxing agencies in consideration of the transfer of properties."

Board Member Cisneros commented that there might not be a need to amend the language of the resolution since it is straightforward, and it is clearly noted that the Police Station and the Henry Acuna Park are public use properties. Chair Bruckner took note of Board Member Cisneros' concern, and explained that his purpose of the language was to address the "compensation" language within the law.

On motion of Vice Chair Hidalgo, seconded by Board Member Plotkin, duly carried by the following vote, the Oversight Board amended the resolution to include an additional recital saying "WHEREAS, the Successor Agency has acknowledged that no payment will be made by the City of the Successor Agency for the benefit of the taxing agencies in consideration of the transfer of the Properties"; and adopted the amended Resolution of the Oversight Board to the Successor Agency to the Former Community Redevelopment Agency of the City of Montebello Approving the Transfer of Certain Governmental Purpose Properties (Police Facility, City Hall, and Henry Acuna Park) to the City of Montebello:

Ayes: 6 - Board Members Cisneros, Hagopian, Moret, Plotkin, Vice Chair Hidalgo and Chair Bruckner

Vacancies: 1 - Community College Appointee

Attachments: [Staff Report](#)
[Supporting Documents](#)
[Final Resolution](#)

V. MISCELLANEOUS

2. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (13-3364)

Francesca Tucker-Schuyler, City Administrator, took this opportunity to thank the Oversight Board for accommodating the request for a Special Meeting on a short notice, as the matter presented was very important to begin the process of refinancing the Certificate of Participation at a lower interest rate.

Ivonne Umana, administrative staff, informed that the next scheduled meeting is Wednesday, August 7, 2013 at 8:15 a.m.

There were no additional matters presented nor placed on the agenda of a future meeting.

3. Public Comment. (13-3365)

There were none.

4. Adjournment. (13-3366)

The meeting adjourned at 9:14 a.m. The next regular meeting is scheduled for Wednesday, August 7, 2013 at 8:15 a.m.