

REEDLEY OVERSIGHT BOARD SPECIAL MEETING – September 27, 2012

A complete audio record of the minutes is available at www.reedley.ca.gov

A special meeting of the Reedley Oversight Board was held Thursday, September 27, 2012, in the City of Reedley Council Chambers, 845 "G" Street, Reedley. In the absence of both Chairman Wilder and Vice-Chairman Souza, Board Member Melikian called the special meeting to order at 2:05 p.m.

PLEDGE OF ALLEGIANCE - Led by Board Member Mata.

ROLL CALL

Board Members Present: Richard Martin, Darlene Mata, Valerie Pieroni, and Paul Melikian.
Board Members Excused: Lawrence Wilder, Andy Souza, and Steve Mulligan (excused due to prior engagements).
City Staff Present: Frances Wiles, Administrative Assistant.
Others Present: Scott Cross.

PUBLIC COMMENT – None.

PRESENTATION

1. Introduction of Board Member Richard Martin who replaces former Board Member Ron Hudson.

SWEARING IN OF BOARD MEMBER

2. City Clerk Sylvia Plata administered the oath of office to Board Member Richard Martin.

CONSENT AGENDA

3. MINUTES OF MEETING, AUGUST 23, 2012

Board Member Pieroni moved, Board Member Mata seconded, to approve the MINUTES OF AUGUST 23, 2012 MEETING. Motion carried unanimously.

PRESENTATION

4. Board Member Melikian introduced Max Sanborn, CPA, Sanborn and Sanborn Accountancy Corporation, who will provide a presentation of the Low to Moderate Income Housing Fund Due Diligence Review.

Mr. Sanborn reported that his firm performed the procedures enumerated by the Department of Finance of the State of California for the Reedley Housing Authority of the City of Reedley for the three years ended June 30, 2012 and issued a report in the bound document the Board just received. The review was to obtain certain criteria with which to apply to finance transactions of the predecessor entity, the Reedley Redevelopment Agency, and the successor entity, the Reedley Housing Authority, to the Low and Moderate Income Housing Fund that those two entities have governed over the last few years. The criteria that we were to apply are listed on pages 1 and 2 following the table of contents and the procedures are enumerated in Items 1 through 10. There are findings from each procedure that we were to apply and included within that particular paragraph. In a nutshell, this report says that the total assets that were transferred from the Reedley Redevelopment Agency for Low and Moderate Income Housing activities as of February 1, 2012 amounted to \$2,031,412. After reviewing the items included and applying the procedures that are listed on those said items, we have determined that there is available for distribution to the State of California of these funds in Item 10 \$328,240. The report consists of 13 pages that enumerate the

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procedures that were applied and details certain information that was required by the Department of Finance of the State of California. He is open to any questions that the Board may have.

Board Member Melikian stated that on page 11 of the review is a summary of the retained cash balances for the successor housing agency which totals \$970,660. This represents the approved and requested enforceable obligations for the housing successor agency function through June 30, 2013 and asked if that is how he should understand that. Mr. Sanborn replied that that is correct. Board Member Melikian reiterated that is as of June 30, 2012. This is a summary listing of the retained cash. It will be necessary to meet the enforceable obligations through June 30, 2013.

Board Member Pieroni asked if the \$328,240 is what we owe back to the State of California? Mr. Sanborn replied yes.

Board Member Melikian stated that the cash on hand on June 30, 2012, as shown on page 7, was \$1,308,664 with \$123 in accounts receivable. If you take away the \$970,660 of remaining enforceable obligations, that will get you to the \$328,240 that is to be redistributed to the taxing entities. Mr. Sanborn stated that is correct. On page 13 is somewhat of a summary. It does not start with net cash; it starts with net assets which is a little bit different than cash but not too much different in terms of dollar terms. It starts with net assets available for use, so to speak, and then there are two deletions, the non-cash assets which is a note receivable that will go to the Reedley Redevelopment Agency and then subsequently to the Reedley Housing Authority and then, in addition to that, the obligations which he mentioned of \$970,660 to arrive at the net amount to the taxing authority entities of the State of California \$328,240. Board Member Melikian stated it is important to note that note receivables of \$571,798 represent trust deeds and basically activities of the housing function of the former RDA prior to the dissolution process. They represent programs such down payment assistance and rehabilitation projects for folks' homes and each trust deed is a little different, but if they live in the home long enough or if they don't move within a certain amount of time, then in some cases the loan is completely forgiven and in some cases at some point in the future if the person moves or sells the property, then the successor agency will receive the loan back as repayment. But it is unknown as to exactly when those will be received.

Board Member Pieroni asked if we do get revenue back on the loans, does that stay within our organization or does that money go to the State? City Attorney Cross stated that that is an unanswered question with current legislation. This Due Diligence Review is a snapshot about how much money is available for disbursement.

Board Member Pieroni asked if this is the report due by September 30 to Sacramento? Board Member Melikian stated that it is due October 15th for submittal. The Oversight Board cannot approve it at this meeting and has to wait a minimum of five days to hold a follow-up special meeting to approve the review. This is just the public comment session.

PUBLIC COMMENT SESSION

5. Board Member Melikian opened the session for public comment of the Due Diligence Review required under State Assembly Bill 1484 for the Low to Moderate Income Housing Fund. The primary purpose of the review under AB 1484 is to determine the unobligated balances of the Successor Agency Housing Fund that are available for transfer to taxing entities.

Hearing no comments from the public, Board Member Pieroni moved, Board Member Martin seconded, to adjourn the meeting. Motion carried unanimously.

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ADJOURNMENT

The meeting adjourned at 2:20 p.m.



Paul Melikian, Acting Chairman
Reedley Oversight Board

ATTEST.



Paul Melikian, Secretary