

**MINUTES OF THE MEETING OF  
JANUARY 30, 2018  
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF SONORA**

A special meeting of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sonora was scheduled on this date at 3:00 p.m. in the Sonora City Hall Conference Room.

**OATH OF OFFICE** – Oath of office was administered to new Oversight Board Member, Trevor Stewart. He was welcomed to the Oversight Board by the existing Board Members.

**CALL TO ORDER** - The following members were present: Chair, Connie Williams, Vice-Chair, Sherri Brennan and members Rachelle Kellogg, Tim Johnson and Trevor Stewart. Absent were members Elizabeth Rico and Tom Haglund.

The following staff member was also present: City Administrator, Tim Miller.

**PUBLIC APPEARANCES** - None

**MOTION:** Approve the minutes of the December 7, 2016 Oversight Board, as mailed.

**MOTION:** Rachelle Kellogg                      **SECOND:** Tim Johnson

**VOTE:**            **AYES:**                      Kellogg, Johnson, Stewart, Williams (4)  
                  **NOES:**                      None (0)  
                  **ABSTAIN:**                  Brennan (1)  
                  **ABSENT:**                   Rico and Haglund (2)

**DISCUSSION ITEM:**

- A. Discussion regarding the Successor Redevelopment Agency Administration Costs Budget vs. Actual covering July 1, 2016 through June 30, 2017.

City Administrator, Tim Miller, opened the discussion. He referred to the report that was included in the Agenda packet for review by the Board. There was no public comment or comments from Board Members.

**ACTION ITEMS**

- A. Consideration of Resolution No. OB 01-30-2018-A, approval for repayment of loans from the Low and Moderate Income Housing Fund of the former Redevelopment Agency for SERAF payments.

- B. Approval of Resolution NO. OB -01-30-2018-B, approval of the Stewart Street Loan Agreement and finding that the loan of funds under the Stewart Street Loan Agreement was for a legitimate redevelopment purpose.
- C. Approval of Resolution No. OB 01-30-2018-C, approval of the Rother's Corner Rehabilitation Agreement and finding that the loan of funds under the Rother's Corner Rehabilitation Agreement was for a legitimate redevelopment purpose.
- D. Approval of Resolution No. OB 01-30-2018-D, approval of the Opera Hall Loan Agreement and finding that the loan of funds under the Opera Hall Loan Agreement was for a legitimate redevelopment purpose.

City Administrator, Tim Miller, presented the staff reports for Action Items A through D. He stated that the resolutions would provide for re-payment of funds to the Low/Moderate Income Housing Fund that were borrowed for the State required Supplemental Educational Revenue Augmentation Fund (SERAF) payments, and the repayment of three loans between the City of Sonora and the former Sonora Redevelopment Agency.

Board Member, Trevor Stewart asked if the loans had been included on a previous ROPS.

City Administrator, Tim Miller, stated that they were included on the first ROPS for the Successor Agency but that the Department of Finance made the Agency remove them. He stated that changes in the State statute now provide for these loans to be considered as enforceable obligation and they were included on the 18-19 ROPS.

County Auditor-Controller, Debi Bautista, questioned why the loan amounts were different on the original ROPS for the Stewart Street Loan, Rother's Corner Rehabilitation Loan and Opera Hall Loan.

Board member, Rachelle Kellogg, explained that following the Other Funds Due Diligence Review the City was required to pay back some of the loan payments to the County Auditor Controller for distribution to the other taxing entities.

County Auditor-Controller, Debi Bautista, expressed concerns over the amount of time that she had to review that items being presented stating that it did not provide her with enough time to calculate the amount of tax increment that would be available to repay these loans. She also pointed out to staff that the payment schedule for the SERAF loans had some incorrect dates and that the payment schedule for the Opera Hall Loan had a minor rounding error. She also asked that the Board postpone their decision until February.

Board member, Rachelle Kellogg, stated that, if approved, staff would make the needed corrections to the payment schedules.

Vice Chair, Sheri Brennan and Board member, Tim Johnson, also expressed concerns over the amount of information that was included within their packet and the time available for them to review it.

Vice Chair, Sheri Brennan, asked what would happen if the Oversight Board postponed its decision to determine how long it would take to repay the loans.

City Administrator, Tim Miller, stated that the ROPS was due on February 1<sup>st</sup> so the items could not be postponed until February. He explained that City staff was contacted by the Department of Finance approximately 10 days prior to this meeting and was advised to move forward with placing these items on the ROPS. He stated that if the ROPS was not filed and the Board did not move forward with adding the enforceable obligations the Department of Finance would initiate dissolving the Successor Agency. He also stated that the deadline also created a lot of pressure on staff to get everything ready for the meeting.

Board member, Trevor Stewart advised that he is a member on several other Oversight Boards and he did not have any concerns over what was being requested by the City. He also stated that many of the Oversight Boards have begun to submit ROPS covering multiple years in anticipation of dissolving those Boards. He also commented on the Department of Finance's deadline for submittal of the ROPS and that it had to be received in a timely manner.

Board member, Rachelle Kellogg, stated that the State can impose penalties if the ROPS is not filed timely.

Board member, Trevor Stewart, stated that he felt that the obligations listed were legitimate costs and that a lot will depend on the Department of Finance's determination if these costs are allowable.

City Administrator, Tim Miller, stated that the Department of Finance advised the City that they would adjust the loan payment amounts on the 18-19 ROPS based on the available funds allowed under State statute.

County Auditor-Controller, Debi Bautista, stated that although she felt that the past choices of the City to use Redevelopment funds for projects around the City were legitimate, if the Successor Agency continues for multiple years and the City isn't contributing funds to pay back the loans because the City elected to receive 100% of its tax increment, it wasn't fair to forego tax revenue for all taxing entities. She expressed concern about the length of time it will take to repay the loans and how long the Successor Agency will continue. She also stated that it is in the hands of the Department of Finance to decide if recovery of funds is approved.

Board Chair, Connie Williams, stated that the process needs to be completed in order for the Department of Finance to take any action. She also stated that the Board should move forward with approving the Resolutions so that the ROPS can be filed by the deadline of February 1, 2018, with the Board possibly setting up a new meeting after the decision was made by the Department of Finance.

County Administrator, Craig Pedro, asked about the process and determination by the Department of Finance, determination of loans and enforceable obligations.

Vice Chair, Sherri Brennan, asked if it were reasonable to do a review and if necessary make changes.

Board member, Rachelle Kellogg, explained the process further.

Chair, Connie Williams, commented that today is a substantial turning point and that she recommended that the Board take action to either approve the resolutions presented or to deny them.

County Auditor-Controller, Debi Bautista, again expressed her concern that the City was receiving 100% pass through money and that it does not seem fair to the other taxing entities.

City Administrator, Tim Miller, stated that the City had a right and an obligation to request the repayment of these loans. He reiterated that the Department of Finance will make the final decision on approving the loans as well as the amount of the payments. He stated that the City has already written off \$1,800,000 in loans between the City and the former Redevelopment Agency as there was no loan agreement in place. He urged the Board to approve the Resolutions and place the items as enforceable obligations on the 18-19 ROPS.

Vice Chair, Sherri Brennan, wanted it noted that the County did not have appropriate time to do a due diligence review before a decision was made at the meeting due to the Department of Finance process and having to approve the ROPS as is, or risk the loss of the Oversight Board and Successor Agency.

**MOTION:** To adopt the following four Resolutions, with Vice Chair Brennan's comment noting that due to the Department of Finance process, there was not sufficient time to allow for a due diligence review by Tuolumne County.

1. Approval of Resolution No. OB 01-30-2018-A, approval for repayment of loans from the Low and Moderate Income Housing Fund of the former Redevelopment Agency for SERAF payments.
2. Approval of Resolution NO. OB -01-30-2018-B, approval of the Stewart Street Loan Agreement and finding that the loan of funds under the Stewart Street Loan Agreement was for a legitimate redevelopment purpose.
3. Approval of Resolution No. OB 01-30-2018-C, approval of the Rother's Corner Rehabilitation Agreement and finding that the loan of funds under the Rother's Corner Rehabilitation Agreement was for a legitimate redevelopment purpose.
4. Approval of Resolution No. OB 01-30-2018-D, approval of the Opera Hall Loan Agreement and finding that the loan of funds under the Opera Hall Loan Agreement was for a legitimate redevelopment purpose.

**MOTION:** Rachelle Kellogg

**SECOND:** Tim Johnson

**VOTE:**       **AYES:**               Kellogg, Johnson, Brennan, Stewart, Williams (5)  
                 **NOES:**               None (0)  
                 **ABSTAIN:**           None (0)  
                 **ABSENT:**           Rico and Haglund (2)

E. Consideration of Resolution No. OB 01-30-2018-E, approving the Administrative Budget for the Successor Agency for the time period covering July 1, 2018, through June 30, 2019.

Tim Johnson commented that the costs appear to be the same as in the past few ROPS, with costs being around \$21,450.

There were no other comments from other Board Members or members of the public.

**MOTION:** Approve Resolution No. OB 01-30-2018-E, approving the Administrative Budget for the Successor Agency for the time period covering July 1, 2018 through June 30, 2019.

**MOTION:**   Tim Johnson                               **SECOND:**    Rachelle Kellogg

**VOTE:**   **AYES:**       Johnson, Kellogg, Brennan, Stewart and Williams (5)  
                 **NOES:**       None (0)  
                 **ABSTAIN:** None (0)  
                 **ABSENT:** Rico and Haglund (2)

F. Consideration of Resolution No. OB 01-30-2018-F, approving the Recognized Obligation Payment Schedule (“ROPS”) for the time period covering July 1, 2018, through June 30, 2019.

There were no comments from Board Members or members of the public.

**MOTION:** Approve Resolution No. OB 01-30-2018-F, approving the Recognized Obligation Payment Schedule (“ROPS”) for the time period covering July 1, 2018 through June 30, 2019.

**MOTION:**   Connie Williams                               **SECOND:**    Rachelle Kellogg

**VOTE:**   **AYES:**       Williams, Kellogg, Johnson, Brennan and Stewart (5)  
                 **NOES:**       None (0)  
                 **ABSTAIN:** None (0)  
                 **ABSENT:** Rico and Haglund (2)

**INFORMATION AND QUESTIONS** – None

**ADJOURNMENT** - There being no further business to come before the Board, the meeting was adjourned at 3:58 p.m.

Respectfully submitted,

Kim Campbell,  
Community Development Specialist