

**HERCULES RDA SUCCESSOR AGENCY
OVERSIGHT BOARD MEETING MINUTES
November 19, 2012**

I. ROLL CALL – CALL TO ORDER

Members Present: Sheri Gamba, West Contra Costa Unified School District
Robert Reber, Hercules Staff
Dan Romero, Hercules Mayor and Council Member
Larry Tong, Alternate, East Bay Regional Parks District (Alternate)
William Wilkins, Hercules Council Member

Members Absent: Ted Radke, East Bay Regional Parks District
Richard Mitchell, Hercules Planning Commissioner
Tomi Van de Brooke, Contra Costa Community College District

Staff: Steve Duran, City Manager
Nickie Mastay, Finance Director
Doreen Mathews, City Clerk
Patrick Tang, City Attorney

Chair Romero called the meeting to order at approximately 6:35 p.m.

II. PLEDGE OF ALLEGIANCE

Board Members, staff and the audience pledged allegiance to the flag.

III. INTRODUCTIONS/PRESENTATIONS

There were no Introductions or Presentations.

IV. AGENDA ADDITIONS/DELETIONS

There were no Agenda Additions or Deletions.

V. PUBLIC COMMUNICATIONS

There was no Public Communication.

VI. CONSENT CALENDAR

1. Approve Meeting Minutes Of September 24, 2012.

MOTION: Wilkins/Reber to adopt the Consent Calendar as presented. The motion was adopted by the following vote:

AYES: Gamba, Reber, Wilkins, Romero
NOES: None
ABSENT: Tong, Van de brooke, Mitchell

VII. DISCUSSION AND ADMINISTRATIVE ITEMS

There were no Discussion or Administrative Items.

VIII. REPORTS AND RESOLUTIONS

At approximately 6:40 p.m. Board Member Tong joined the meeting.

1. Adopt A Resolution Approving The November 13, 2012 Actions Of The Successor Agency Board For Non-Housing Assets To The Hercules Redevelopment Agency, Including:
 - a. Accepting the transfer all non-housing assets of the dissolved Hercules Redevelopment Agency, including real property assets, to the City of Hercules as Successor Agency to the Hercules Redevelopment Agency for Non-Housing Assets;
 - b. Accepting the transfer of real properties known as Sycamore Crossing (APN#404-020-057 and APN#404-020-058), Parcel C (APN#404-020-076), and Victoria Crescent (APN#404-040-062-6) from the City of Hercules to the City of Hercules as Successor Agency to the Hercules Redevelopment Agency for Non-Housing Assets;
 - c. Upon transfer of the real properties known as Sycamore Crossing, Parcel C and Victoria Crescent to the Successor Agency, put on the Recognized Payment Obligation Schedule (ROPS) the price paid by the City of Hercules in debt forgiveness as consideration to the Hercules Redevelopment Agency for the transfer of Sycamore Crossing, Parcel C and Victoria Crescent from the Hercules Redevelopment Agency to the City of Hercules in March of 2011; and
 - d. Accepting the assignment of all contracts related to the assets being transferred to the City as Successor Agency to the Hercules Redevelopment Agency for Non-Housing Assets

Steve Duran, City Manager, provided the report explained that the State Controller found the transfers, which occurred in March 2011, of Sycamore Crossing, Parcel C, Victoria Crescent and Yellow Freight were unallowable transfers of assets to the City and ordered the City to reverse all

the unallowable transfers. He added that the Department of Finance confirmed that the State Controller had the final say in the matter.

In response to Vice Chair Gamba request for additional information, Mr. Duran stated that no transfers have been made, explaining that remnant parcels and the Sala restaurant have yet to be transferred to the Successor Agency. He further stated that the City must provide a management plan and indicate how properties will be managed. With respect to the properties acquired by the City in March 2011 before the law was written and passed under ABx126, he stated that the State has the power to order the properties be transferred back to the successor to the agency. He explained that of the four properties in question, the Yellow Freight property had been sold, and the State ordered to transfer back the properties and to place debt owed to the City on the ROPS. He added that third party contracts exist for Sycamore Crossing and Parcel C.

Vice Chair Gamba inquired if cash assets had been discussed in the report, as it was her understanding that the Board does not address housing.

Nicki Mastay, Finance Director, stated that in the asset transfer review, they referenced \$4 million of tax increment they want reversed back, explaining that the \$4 million came in to pay back Development Impact Fee funds and also included funds from the sale of Yellow Freight.

Mr. Duran added that the department of Housing and Community Development (HCD), who will ultimately be successor agency for housing, will be working with the Department of Finance to identify funding. Regarding the Controller's report, he reiterated that they consider the transfer of property to the City illegal, but believes it is not accurate, as the law was not written or adopted.

In response to Board member Reber's inquiry, Mr. Duran advised that there is no date certain as to when the issue of HCD as housing Successor Agency will be resolved. With respect to the Property Management Plan, Mr. Duran explained that the plan will identify assets, properties and if properties are to be kept or disposed of, noting that any property kept must be used for civic use and may be able to keep those income producing.

Board Member Tong requested a breakdown regarding the \$35 million in fund allowable transfers identified in the November 8th letter and the four parcels.

Chair Romero provided the following in response:

Parcel C - \$13,916,084

Yellow Freight - \$1,860,307

Victoria Crescent - \$3,418,193

Sycamore Crossing - \$12,245,938

Mr. Duran stated that it also includes \$4 million in tax increment, which the city is disputing; staff does not believe it is owed to the County, as it was received in 2010, prior to ruling. He added that the City has claim for payment of debt/cash management and then bond insurer, who covered bond payments not made.

Board Member Wilkins questioned the amount of debt to be placed on the ROPS for the city after reversing transfer of assets.

Ms. Mastay stated the amount goes from \$10.8 to \$41+ million, noting that \$4 million of tax increment was used to pay the debt of the agency.

MOTION: Wilkins/Reber to adopt the resolution as presented. The motion was adopted by the following vote:

AYES: Gamba, Reber, Tong, Wilkins, Romero
NOES: None
ABSENT: Van de brooke, Mitchell

2. Adopt A Resolution Approving The November 13, 2012 Action Of The Hercules City Council Authorizing The City Manager To Finalize And Execute A Purchase And Sale Agreement With City Ventures, LLC For The Sale Of A City Owned Site (APN#404-020-062-6) Commonly Known As "Victoria Crescent" On The East Side Of San Pablo Avenue South Of Victoria Crescent East For A Price Of Approximately \$2,125,000 Based On The Conditions Set In The Purchase And Sale Agreement, Which Is To Be Assigned To The City As Successor Agency To The Hercules Redevelopment Agency Of Non-Housing Assets.

Mr. Duran reported that the property had been marketed for some time, previously under contract with another buyer who ultimately backed out. He emphasized that proceeds of the sale will go to pay debt.

Chair Romero added that the sale will net approximately \$1.9 million, with construction of 36-44 green units as stated by the developer.

MOTION: Gamba/Wilkins to adopt the resolution as presented. The motion was adopted by the following vote:

AYES: Gamba, Reber, Tong, Wilkins, Romero
NOES: None
ABSENT: Van de brooke, Mitchell

IX. FUTURE AGENDA ITEM REFERRALS

Mr. Duran advised that in January 2013 the ROPS will be updated and discussion regarding future real estate deals will be scheduled.

X. OVERSIGHT BOARD AND STAFF ANNOUNCEMENTS

There were no Announcements.

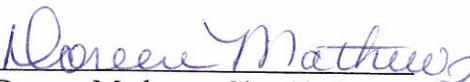
XI. ADJOURNMENT

Chair Romero adjourned the meeting at approximately 7:07 p.m.



Dan Romero, Chair

ATTEST:



Doreen Mathews, City Clerk

