

**VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
SPECIAL MEETING AGENDA**

Victorville City Hall  
14343 Civic Drive, Conference Room "E"  
Victorville, CA 92392

Thursday, April 30, 2009  
**5 P.M.**

**CALL TO ORDER**

ITEM 1 PUBLIC COMMENT

**DISCUSSION AGENDA**

- ITEM 2 APPROVE MINUTES OF VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY OF MARCH 11, 2009
- ITEM 3 RESOLUTION NO. 09-001 APPOINTING A NEW TREASURER
- ITEM 4 RESOLUTION NO. 09-002 AUTHORIZATION OF OFFICERS TO DEPOSIT AND WITHDRAW MONIES IN THE LOCAL AGENCY INVESTMENT FUND
- ITEM 5 BUSINESS AND COMMENTS BY VVEDA COMMISSIONERS, ALTERNATES, TECHNICAL ADVISORY COMMITTEE, AND STAFF
- ITEM 6 NEXT SCHEDULED MEETING: JUNE 10, 2009 – REGULAR MEETING
- ITEM 7 CLOSED SESSION CALLED PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b):  
CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING OR THREATENED LITIGATION
- ITEM 8 ADJOURNMENT

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

**REGULAR MEETING MINUTES**

Victorville City Hall  
14343 Civic Drive, Conference Room "E"  
Victorville, CA 92392

Wednesday, March 11, 2009  
**5:00 P.M**

**PRESENT:**

Brad Mitzelfelt, Chairman, County of San Bernardino  
Terry Caldwell, Vice Chairman, City of Victorville  
Thurston "Smitty" Smith, Commissioner, City of Hesperia  
Peter Allan, Commission, Town of Apple Valley  
Gene Piehe, Commission, City of Adelanto

Keith Metzler, Executive Director  
Andre de Bortnowsky, Legal Counsel  
John Sullivan, Treasurer  
Jennifer Thompson, Secretary to the  
Commission

**ABSENT:**

None

**OTHERS PRESENT:**

David Zook, County of San Bernardino  
Jim Hart, City of Adelanto  
Collette Hanna, City of Victorville  
Doug Robertson, City of Victorville  
Ken Henderson, Town of Apple Valley  
Bill Pattison, Town of Apple Valley  
Rich Cambridge, Apple Valley Fire  
Angela Valles, Victor Valley College

Gary Hallen, County of San Bernardino  
Sophie Gates, City of Victorville  
Lesyenia Marin, City of Victorville  
Jim Cox, City of Victorville  
Emily Wong, Town of Apple Valley  
Mark Reynolds, Apple Valley Fire  
Ted Shove, City of Hesperia  
Frank Robinson, Town of Apple Valley

**CALL TO ORDER**

Chairman Mitzelfelt called the Two Hundred and Seventy-sixth meeting of the Victor Valley Economic Development Authority to order at 5:26 p.m.

**PUBLIC COMMENT**

None

Brad Mitzelfelt – Before we go to the discussion calendar, I would like to note that we have an emergency item request from the City of Hesperia. It is relative to in kind contributions for the City's enterprise zone application. TAC has recommended it be added as an emergency item and I would recommend it be added as Item #5 on the agenda since it is related to 4, it can be taken up at the same time. Does Counsel have any guidance on how we proceed with this?

Andre de Bortnowsky – Yes, Chairman pursuant to Government Code 54954.2(b)2 you need to make a motion

with two findings, one that the item arose after the posting of the agenda and there is an immediate need to take action on the item. It is my understanding that this came to Hesperia's attention, I think it was yesterday. They brought it to VVEDA's attention and there is a due date on this letter of March 27<sup>th</sup>, which is before the next meeting. You need a motion to be based on those two findings to add it and then take the item.

**Motion: To add the item to the Agenda as Item #5**

**MOTION: ALLAN SECOND: CALDWELL**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**DISCUSSION AGENDA**

**APPROVE MINUTES OF VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY MEETING OF DECEMBER 2, 2008 SPECIAL MEETING AND DECEMBER 10, 2008 SPECIAL MEETING**

**Motion: Approve Minutes of the Victor Valley Economic Development Authority for December 2, 2008 special meeting and December 10, 2008 special meeting.**

**MOTION: SMITH SECOND: CALDWELL**  
**AYES: CALDWELL, ALLEN, SMITH, MITZELFELT, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**CORENET, DALLAS TRADESHOW (VERBAL PRESENTATION – APPLE VALLEY)**

Emily Wong gave a brief update in regards to the program, details of the event, sponsorships and appointments.

**REGIONAL ENTERPRISE ZONE (VERBAL PRESENTATION – APPLE VALLEY)**

Ken Henderson – Mr. Chairman we previously made a presentation to the Technical Advisory Committee recommending that all four jurisdictions and the County of San Bernardino be involved in the regional enterprise zone application effort. The TAC was supportive of that particular recommendation and because of the item you just added to the agenda, we had a discussion earlier this afternoon regarding the effect of Hesperia's application.

As a result of that discussion we believe that we should move forward with the regional application. What we would intend to do with the Board's approval, is to solicit proposals from qualified consultants to conduct a feasibility analysis as to whether or not we have a chance in being competitive in the enterprise zone competition.

They are very time consuming and expensive application processes. You don't enter into it hoping things will work in your favor. What we would like the Board to consider is to authorize staff to solicit proposals from prospective vendors and to analyze that and bring that back to you with a request for an appropriation and a contract for the feasibility analysis. Time is of the essence, so we would like to be able to appropriate the funds and approve the contract in the same meeting if at all possible.

Keith Metzler – I think the specific action that TAC is seeking from the Board, is that the Board officially

support TAC's effort to pursue the regional enterprise zone application and then it will come back to you with the request for an appropriation and contract.

Brad Mitzelfelt – You spoke of a regional approach, are you saying that we would combine this effort with the cities, the City of Victorville, the City of Hesperia, and the Town of Apple Valley or is this only relative to Apple Valley?

Ken Henderson – We support the regional approach. There was some question, some discussion as to whether or not the Hesperia, the individual application to be filed by the City of Hesperia, would help or hurt our regional enterprise zone effort. That is really an unknown at this juncture, but we didn't want to stand in the way of the City of Hesperia's desire to move forward with an individual application. TAC's recommendation to the Board was to, in recognition of the support that Hesperia wants from VVEDA, that Hesperia be required to support the regional enterprise zone application next year as a part of VVEDA's support of its individual application.

Brad Mitzelfelt – Would someone from Hesperia like to present Item #5 which is the recommendation to formalize in-kind contributions relative to the enterprise zone?

Ted Shove – Basically what we are asking from the Board is a Letter of Commitment outlining the current in-kind contributions as part of 1/5 of the marketing budget for the 2008-2009 budget, which is approximately \$41,763. This is not an additional expense, it is one that is already incurred as part of the marketing efforts on behalf of VVEDA.

Keith Metzler – Staff has reviewed the proposed letter and I think with TAC's support proceeding, we can work with the Chairman to prepare the letter in such a way that it works for the Chairman but at the same time doesn't serve as an actual financial pledge. What Hesperia is seeking is in-kind and basically what they are doing is leveraging the expenditures that are already being made as a function of VVEDA's marketing program. I will probably suggest tweaking it just a bit to make sure that it cannot be construed as an ongoing financial obligation but instead just leveraging the resources that it's already getting from the marketing program.

Brad Mitzelfelt – The recommendation for Item 4 and 5 is to approve.

**Motion: That the Board authorize TAC to proceed with the regional enterprise zone efforts and authorize the execution of the Letter of Commitment for the City of Hesperia enterprise zone application.**

**MOTION: ALLAN SECOND: CALDWELL**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**FY 07-08 STATEMENT OF ACTIVITIES**

Keith Metzler gave a brief overview of the fiscal year 07-08 Statement of Activities.

**Motion: The Board approve for filing the fiscal year 07-08 Statement of Activities.**

**MOTION: ALLAN SECOND: SMITH**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**MARKETING UPDATE**

Collette Hanna gave an update from the last meeting in December since specific information was requested to create an update on the target industry analysis and a calendar of upcoming tradeshows.

**REQUEST FOR AN ADDITIONAL APPROPRIATION IN THE AMOUNT OF \$2,507,693 FOR THE FY 08-09 ERAF PAYMENT**

Keith Metzler – The recommendation of TAC is that the Board approve the additional appropriation of \$2,507,693. This item was not included as a part of the budget because at the time the budget was prepared, ERAF was unknown. Payments are due May 10<sup>th</sup>. What staff is proposing we do is pay this amount from tax increment receipts received to date. There is adequate tax increment received to cover this obligation. There is an impending litigation and we do not think the litigation will resolve the matter of whether or not this amount should be due. The recommendation is that we pay this amount.

Discussion ensued between Brad Mitzelfelt, Keith Metzler and Thurston “Smitty” Smith in regards to the timing of the ERAF payment.

**Motion: The Board approve the additional appropriation in the amount of \$2,507,693 for the ERAF payment and that the payment be made when required, but no sooner.**

**MOTION: MITZELFELT SECOND: CALDWELL**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**PRESENTATION OF A REQUEST FROM THE CALIFORNIA REDEVELOPMENT ASSOCIATION (CRA) FOR PAYMENT OF A SPECIAL FEE IN THE AMOUNT OF \$6,250 TO OFFSET THE COSTS ASSOCIATED WITH ITS PURSUIT OF A LAWSUIT CHALLENGING THE FY 08-09 ERAF PAYMENT**

Keith Metzler – This organization is a member of the California Redevelopment Association (CRA) and annually as part of our budget we do subscribe an amount to pay for dues to be a part of that organization. As most of you are aware, CRA has sponsored the litigation to challenge the constitutionality of the ERAF payment being imposed upon redevelopment agencies. The litigation is getting some momentum, but of course it is getting expensive and because we look to CRA to lobby the larger/better interest of redevelopment throughout the State of California, CRA has come to the member jurisdictions asking for help. With that, they have submitted an invoice seeking our approval of an additional \$6,250 to help support the litigation. TAC recommends approval by the Board.

Terry Caldwell – Is the calculation of \$6,250 assessed across the board as a flat rate or is it a percentage based on your tax increment revenue?

Keith Metzler – It's based on tax increment revenue.

Discussion ensued between Peter Allan, Andre de Bortnowsky, Keith Metzler and Brad Mitzelfelt in regards to the number of bills that will be received for this litigation, fund availability and the estimated total cost from CRA for this litigation. Brad Mitzelfelt requested that we contact CRA about future costs.

**Motion: To approve an additional appropriation in the amount of \$6,250 for payment to offset the CRA litigation.**

**MOTION: ALLAN SECOND: CALDWELL**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

#### **AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2008**

John Sullivan gave a brief presentation in regards to the audit report, findings and recommendations within that report. The report includes the independent auditors report, the financial statements and the report on internal controls and compliance. Recommendations were made by the auditor to include internal controls, preparation of financial statements as they related to Victorville, because they spill over to VVEDA as monies belonging to VVEDA pass through Victorville accounts. The auditors recommend that VVEDA control its own bank activities, receipts, disbursements and implement internal financial reporting processes on its own.

Discussion ensued between Thurston "Smitty" Smith and John Sullivan in regards to VVEDA funds being deposited into the City of Victorville and VVEDA LAIF accounts.

Brad Mitzelfelt – We have a draft report to the Board of Directors and Management regarding government auditing standards for the year. The draft is dated March 3<sup>rd</sup> and the final to follow March 10<sup>th</sup>, it is now March 11<sup>th</sup>.

John Sullivan – You are exactly right, I have not received that. I expected to get that in, and I do not expect any changes in it, but I did expect it to come in yesterday. I will follow-up on that and make sure that Keith gets it so that every Board member can get it.

Brad Mitzelfelt – On the draft there is a statement, it is the final sentence of the paragraph for the cover letter, which is not even on letterhead, where it says, "they do not express an opinion on the effectiveness of the Authority's internal controls." What should we make of that?

John Sullivan – CPA's express opinions on the fairness of the numbers and the financial statements. CPA's never express an opinion on the effectiveness of internal control systems unless they have a specific engagement to do exactly that. That is so if you look at your city audits, the audit report on internal controls, you will see the same language, they do not express an opinion on the systems and internal controls.

Discussion ensued between Brad Mitzelfelt and John Sullivan in regards to items in the audit report pertaining to automatically posting, City of Victorville software systems, and internal controls as it relates to financial accounting and financial accounting software.

Brad Mitzelfelt – In the independent auditors report there is a bold statement, 4<sup>th</sup> from the end of the letter on page 2, it says, “because of the significance of the matters discussed in the preceding paragraphs the scope of our work is not sufficient to enable us to express and we do not express an opinion on the Authority’s basic financial statements for the year ending June 30, 2008.” That paragraph is in bold type, it catches my eye. I would like you to explain what the significance of that statement is to us.

John Sullivan – There are two areas of significance, one is the discussion which starts on page 1 which describes what an internal control is. As you can see on that it is a controlled environment, risk assessment, controlled activities, information and communication systems and monitoring. In there, the other report that they did, they discuss two issues, one information systems and monitoring which is a process of printing reports, getting them out and reviewing them and it is financial in nature, budgeting and so on and so forth. All of the rest of these things, in my view, really are not applicable to VVEDA. VVEDA is a very simple organization; it has a relatively small number of receipts and disbursements. That is the first thing, and this is sort of an overlap from the City of Victorville and it has affected VVEDA. The top paragraph on page 2 is just a disclosure that the CPA’s have, and do believe that there are some serious financial challenges facing the City of Victorville as everyone knows we have significant liabilities which are a problem at this time that are being worked out. Whenever that occurs, the CPA’s will question how are you going to pay this amount, I’m sure many of you have read the draft audit report, but it does discuss the financial issues that are facing the City in 07-08 and at the present time. On the basis of the internal control weaknesses and on the basis of threats to the City of Victorville because of these obligations, it is on that two-prong basis that the CPA’s have declined to express an opinion.

Brad Mitzelfelt – How concerned should we be about this? I mean as a JPA, in your opinion, you’re our Treasurer, this statement concerns me and am I overreacting, or in your opinion...

John Sullivan – Let me say that VVEDA is an independent body and VVEDA is not involved in the activities that the City of Victorville is in, building utility companies or power plants or any other activity that the City of Victorville has engaged in. VVEDA is a relatively simple pass through entity so I am of the opinion that Victorville’s issues with General Electric, any of its bonds, none of that tips over and applies to VVEDA. I think the only thing that exists within Victorville that tips over and affects VVEDA is control of their assets and cash and financial reporting through some different software. The CPA’s did mention that there is a potential issue that cash belonging to VVEDA does flow through the bank accounts belonging to the City of Victorville. Now it is very remote that that creates a threat to VVEDA, but that is a threat that is possible when Victorville may be holding VVEDA assets even for a day, that is why they recommended that VVEDA make more extensive use of their own checking accounts and their own receipts and disbursements.

Peter Allan – This other account that has \$40,000,000 in it, does it have any exposure at all to...

John Sullivan – That is LAIF, Local Agency Investment Fund, it is maintained by the State of California, and so there is no exposure unless the State of California tries to take it and there is an opinion by the Attorney General for the State of California that goes back several years that not even the State of California can take those assets and freeze them. Now that is particular to California because similar LAIF account in other states, like for example the State of Florida, cities have lots of money in Florida and when they tried to access those funds about a year ago, the State Controller for the State of Florida restricted the city’s ability to take money out of their LAIF account.

Peter Allan – If you have the ability to put money in and out of the LAIF account it seems to me the auditor is saying that there is some weakness there inasmuch as since you can put money in and out of it, there could be a possibility that that money could be attached.

John Sullivan- There is a remote possibility. That is a possibility if those funds are sitting in Victorville's account and if Victorville is not successful in concluding arrangements and has litigation or something of that nature. It is a possibility but in my view remote, but it does represent a risk that needs to be.....

Peter Allan – Andre is there any legal?

Andre de Bortnowsky – I think the solution quickly is to, as the auditors have suggested, set up the separate account for the money to go directly into. It's in there for my understanding one day, and I think ultimately while it's at risk, I don't think there would be any court that would actually allow those monies, because it is a separate legal entity that belongs to VVEDA to actually get those monies.

Peter Allan – The money that is earmarked for Victorville clearly is at risk.

Andre de Bortnowsky – The VVEDA money comes in earmarked for VVEDA, it just goes into an account for a 24-hour period right now, something like that.

John Sullivan – It could go...

Andre de Bortnowsky – Once you trace the monies, they are VVEDA's monies, so I don't see them being at risk from that perspective. It may, if someone tried to attach those monies, you would have to go through the litigation to say no they are not your monies, these are VVEDA's monies.

Peter Allan – I share the Chairman's concern with this paragraph in bold. I'm not a CPA, but it does seem to me that there is some concern on the part of the auditor that VVEDA has some exposure.

Andre de Bortnowsky – It sounds to me that it is a relatively quick fix, John, in terms of just setting up the account. It could be done...

Thurston "Smitty" Smith – How long is it going to take us to switch this over?

John Sullivan – Well the LAIF account is already in existence. Keith do you recall, I think we began a process of setting up a separate checking account?

Keith Metzler – I am not aware of a conclusion of that. I left that in your role and responsibility, so I'm not...

John Sullivan – It's a relatively quick fix.

Andre de Bortnowsky – There is no reason that we couldn't do it tomorrow.

Thurston "Smitty" Smith – At least by Friday?

John Sullivan – Yes, a Board vote to authorize the establishment of a separate checking account with authorized

signatures can be done and effective fairly quickly.

Brad Mitzelfelt – A Board vote would require us to agendize.

Andre de Bortnowsky – There is no money at risk at this point because you got your distributions and they are all in LAIF.

John Sullivan – I can't tell you as of today if there wasn't a distribution received yesterday that might happen to be sitting in the general fund pending transfer to LAIF.

Thurston "Smitty" Smith – I have another concern with future litigation of Victorville coming out to the member agencies of VVEDA. We are tied to any future payoffs that we have to do for years to come.

Andre de Bortnowsky – You also though have in the JPA, have full indemnification with respect to liabilities on behalf of Victorville to the VVEDA Board Members. There are full indemnities and hold harmless provisions all throughout the JPA agreement.

Thurston "Smitty" Smith – So if GE or power plant or any entity comes after Victorville, our member agencies are safe?

Andre de Bortnowsky – Correct

Brad Mitzelfelt – Any other question or comments?

Thurston "Smitty" Smith – I would like to have it agendized so if that is what we need to do to make a vote to have that checking account separate so we can separate VVEDA from the financial situation of Victorville.

John Sullivan – I would agree with Andre, that is a relatively simple solution, I mean even running Quick Books is a very simple low grade, that could solve that issue.

Terry Caldwell – What would happen, the LAIF account exists in the name of VVEDA as we speak and so what would be the exposure or the risk if staff simply opened up the new bank account and brought it back at the next meeting for ratification or if we don't want to wait that long for ratification, have a very quick simple special meeting within a few days, or just do it and have the Board ratify it?

Andre de Bortnowsky – You can do it and have the Board ratify it. I don't see it being a problem, it's just basically an administrative change that...

Terry Caldwell – The only people that would have a vested interest to challenge it are sitting around this table, and there is no opposition to it so just seemed to me, do it.

Thurston "Smitty" Smith – ASAP

Brad Mitzelfelt – I would rather do that, not at the direction of this Board at this meeting, but as I could take that through the Chair. I can take that and have it ratified later. I don't want to have any Brown Act problems with this action because the agenda item is very specifically worded. Are there any other comments?

Keith Metzler – If I might, I would point out and this maybe a question for legal counsel, but I would point out as a function of this report, they did make a clearly defined recommendation that revenues be deposited into bank accounts standing in the name of the Authority. If the recommendation is a part of this audited report I think the appropriate question for legal counsel would be can we act upon that recommendation the way this item has been agendized?

Andre de Bortnowsky – If it is the recommendation you could do it because you have the recommendation from the auditors right there. You can make it a part of your motion.

Brad Mitzelfelt – Is there any further discussion or questions? I would like to ask the Treasurer and Legal Counsel to explain what the ramifications are of the recommendation that is simply worded audit report for fiscal year, are we being asked to approve it, to acknowledge it, to file it, to certify it?

John Sullivan – To acknowledge receipt. I don't think you approve an audit report, or you certify it, I think you just acknowledge receipt of the audit report.

Brad Mitzelfelt – Ok, and now that we have not seen a final of the second document, do we expect to see that on the next agenda?

John Sullivan – Yes

Brad Mitzelfelt – The recommendation that we spoke about is that a part of the independent auditors report or is that part of the second document?

John Sullivan – No, that independent auditors report for this entity is an opinion on the financial statements, an opinion on compliance and then this last letter is quickly referred to as a SAS112 or just a report on internal controls. It is required that they report to a client....

Brad Mitzelfelt – Is that part of the audit, would you consider that part of the audit?

John Sullivan – That is part of an audit.

Brad Mitzelfelt – So that is part of this agenda item.

John Sullivan – Yes

Brad Mitzelfelt – We will need to have the final of the...

John Sullivan – Let me clarify one thing, the letter preceding that, which is signed, is a report on internal controls of the financial reporting, compliance and other matters. That is where the formal audit ends. The letter which is in draft form, that is a SAS112, it is not part of an audit report, it is commonly received by clients, by entities and it is just observations or explanations of observations occurring during the course of an audit. Most cities get such a letter, it can be one page or three pages, it could be an undetermined length, but that is just under the auditing standards the CPA's are required to make the highest governance body aware of any conditions that are not really easily explainable within the financial statement and to make any recommendations for remediation.

Brad Mitzelfelt – I think just to be safe we should re-agendize this item for the next meeting. We can consider it

acknowledged, accepted at this meeting, but I do want to formally see if they have a final report and if there is any differences. Are there any other questions or comments? I actually, I'm not sure; I wanted to give the attorney a chance to answer that question as far as what is our responsibility with regard to this audit.

Andre de Borntowsky – You basically accept the audit. You don't have to approve an audit, it's an independent document from an independent body that basically opines as to the condition and shows you the condition of the financial statements of VVEDA.

Brad Mitzelfelt –It doesn't necessarily mean that we agree with it, or that we have any opinions about it?

Andre de Bortnowsky – Correct, you just accept it, it has been received.

Brad Mitzelfelt – Any further questions or discussion?

Peter Allan – I guess I move to receive it.

Andre de Bortnowsky – Do you want to move to receive it and then implement the recommendation of the auditor and then we will bring it back and ratify it as well.

Peter Allan – I don't think the Chairman wants to do that as this point.

Andre de Bortnowsky – As to the account

Brad Mitzelfelt – I don't mind.

Peter Allan – Can you rephrase that?

Andre de Bortnowsky – So the motion would be to accept the audit report with the recommendation on page 2 to have the Authority create its own account.

Peter Allan – So moved.

Thurston "Smitty" Smith – We're meeting next month?

Keith Metzler – The next Board meeting is June 10<sup>th</sup>.

John Sullivan – The motion should include designating authorized signatures, signature authority.

Jim Cox – If you set up an account, you have to authorize signatures and they have to be authorized by the Board.

Peter Allan – Then we can't do it 'til June.

Thurston "Smitty" Smith – That is too long.

Peter Allan – We will have to have a special meeting.

Brad Mitzelfelt – I would like to also address the software issue.

Jim Cox – We met on that, the Director of Finance has made certain recommendations, actually there is an application that would apply to this, not only doing that, that is underway. We are actually looking at the whole system that we have, which is covered in a little more detail in the City's audit. If this wasn't part of the City, it was a separate audit you probably wouldn't see that because it is a basic pass through, but because it is there, we are undertaking the recommendation and will follow-up and adopt whatever we need to adopt to satisfy the auditors and be in full compliance.

Brad Mitzelfelt – We have a motion and a second, but under discussion I would like to just ask...

Peter Allan – I'm not sure if we have a motion at this point because Andre phrased a motion, but then there were some added things to it.

Brad Mitzelfelt – Let me just start over. Let me just ask this question...

Peter Allan – I'm going to withdraw my motion at this point.

Brad Mitzelfelt – This may be more appropriately covered in a later item, but with regard to software, is it an option, is it a viable option to address that under Treasurer and a potential change in Treasurers to an entity that had a program that would meet these requirements? Maybe that's a quicker fix, or maybe that is just as good. Any thoughts on that or do you want to talk about that later?

John Sullivan – I think that would work, simply because the external auditors issues are with, as it would affect VVEDA are with the software program itself, so that would solve that issue.

Brad Mitzelfelt – It is an issue that the City still has to deal with, but are there any thoughts on this? Anybody?

Thurston "Smitty" Smith – Apple Valley just got that new program that they are talking about, so we might not have to purchase it since you have it.

Bill Pattison - We have it, we could set it up as a separate fund that would be if our Council would want to take it into consideration.

Peter Allan – I think I would have to take it back to my Council as an agenda item before I could commit to it.

Thurston "Smitty" Smith – Do you guys meet next Tuesday?

Peter Allan – We just met last night. We meet on the 24<sup>th</sup>, so could we get it as an agenda item on the 24<sup>th</sup> Mr. Town Manager?

Frank Robinson – Yes

Brad Mitzelfelt – We may be best advised to just simply accept this audit report and then if there are interim issues that we take up later in this meeting, or later in subsequent meetings of any of the members. Or if there is any action as Chair that is appropriate or is recommended that we could bring that back for ratification at a special meeting prior to the next scheduled regular meeting. Is that ok?

Peter Allan – I will go with my original motion which was just to accept this report.

Brad Mitzelfelt – We have a motion to accept the report, and we have a second. Is there any further discussion?

**Motion: To accept the report**

**MOTION: ALLAN SECOND: SMITH**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**GOVERNANCE STRUCTURE OF VVEDA REGARDING DEVELOPMENT AT SCLA AND INDUSTRIAL DEVELOPMENT THROUGHOUT THE VICTOR VALLEY**

Keith Metzler discussed the staff report and verbatim minutes prepared for this item. In addition, he also discussed the action by the SCLA Board at the TAC's request to confirm it's intention to maintain the governance structure that it has. The SCLA Board unanimously approved that intention to maintain that structure in perpetuity.

Discussion ensued between Thurston "Smitty" Smith, Terry Caldwell, Peter Allan, and Brad Mitzelfelt in regards to contributions, governance structure, tax increment, assessed valuation and VVEDA involvement in the day-to-day operations of SCLA.

**Motion: To table this item**

**MOTION: SMITH SECOND: PIEHE**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**PROPOSAL TO CHANGE LEGAL COUNSEL, EXECUTIVE DIRECTOR, TREASURER AND MEETING LOCATION (VERBAL PRESENTATION – CHAIRMAN MITZELFELT)**

Brad Mitzelfelt – I agendized this simply to preserve the option of these actions because, and through my staff I have opined through the meetings that I am open to division of the duties. I am concerned that, it's no offense to the Executive Director or the Counsel, but I just feel that you can be in a tight spot if it comes to the member entities and in some cases the majority of this Board and the City which also employs you, which is your primary employer. Of course, there is a benefit and the City provides that, but as a member and I look at that and see potential the downside and that is when I call you, I am calling the City of Victorville, which is one member of this entity. With regard to earlier, we talked about the Treasurer issue, I would like to touch on that before we take any action or move on, but before I do that, before I call for any kind of motion, I can open it up for discussion if anyone has any thoughts on the division of duties as I presented them.

Terry Caldwell – Why would the division of duties change your concern? I mean if it is not personalized towards Keith and Andre, then if you have the Executive Director be an employee of Apple Valley and the Treasurer from Hesperia, and Legal Counsel be the County Counsel's office, how does that change? I mean you have got

somebody who works for somebody primarily. I suppose we could go out and hire all new independent staff, but if you are talking about a diversification, you're talking about the five entities sitting around this table, so I don't know that the psychology changes by simply moving it from one spot to the other.

Brad Mitzelfelt – I think there is an expectation of checks and balances with the public and I think that it is something that I always look for in government. I think it's one way of achieving it. Having independent staff is even better, but also more expensive, generally. The thought of dividing duties might be an interim step, or it might not be something that we want to do at all.

Thurston "Smitty" Smith – Terry touched on the Legal Counsel earlier. Do you charge us an hourly rate, or do you give VVEDA a 50% off.

Andre de Bortnowsky – I don't give any discount; we have the old rates that I have probably been charging since 1992. I can go back and check, but we haven't raised rates for a long time. I don't do a lot of work for VVEDA. I think the yearly billings for VVEDA are probably \$10,000 total because I have the benefit of having all the knowledge and having been here since 1991. The only time that my expenses go up is when one of the members wants to do a plan amendment.

Thurston "Smitty" Smith – VVEDA does pay you?

Andre de Bortnowsky – VVEDA pays me separately, yes, I'm not paid anything by Victorville.

Thurston "Smitty" Smith – I'm going to stay away from the Executive Director, but with the Treasurer, I do believe that we need different checks and balances for the transparency in government. Apple Valley or Hesperia who might have this new program that we are going to investigate, and we can reach that into a later date and the same thing with the location. Victorville's City Council, Victorville is SCLA and we are all a member of it and I think we should be moving around to different areas. We might be getting a deal on Legal Counsel, I don't know what it would cost to change, but the Treasurer and the location I do have some things. Part of it is, Victorville's situation, the Daily Press isn't treating you like they have in the past years, and we are member agencies and we are in the shadow of Victorville right now. I personally get some phone calls with the liability to VVEDA, and "what are you going to do", "everyone is going bankrupt." All kinds of different questions and I can't really answer them all.

Peter Allan – From my perspective, I think Terry made some excellent points. I mean they have a lot invested in VVEDA and they are giving a lot back to it. I think Keith has done an excellent job. I do think if we rotated the Executive Director around, it would be a disaster to be honest, there would be no consistency. I just can't see how it would possibly work. I'm very concerned about the audit and I think that taking the Treasury function which is basically a straight forward function and giving that to either Apple Valley or Hesperia might be a way to open up some transparency. I agree maybe, I don't mind meeting here, but it might send a message that we are in here with Victorville, but I don't see that being a real problem. I think Andre, if you are only billing \$10,000 a year, you're not doing that much work, so new Legal Counsel could be prohibitively expensive and could put us into a negative financial situations. I don't want to see that happen, so what I would recommend is that we look in to the Treasurer function and the QuickBooks or whatever program we decide to use and leave everything else as is.

Brad Mitzelfelt – With regard to meetings, my feeling is always if it's about the base, why don't we meet on the base? Any thoughts on that?

Terry Caldwell – From Victorville’s standpoint I really don’t think it makes any difference to us where we meet. The convenience of meeting here has always been that the staff, the people that provide the agendas and have access to materials that sometimes people want on a very quick basis is here. I think the meetings started here, it was never convenient to go to San Bernardino, so it was a question of Victorville, Apple Valley or Hesperia. For a long time Adelanto was not a member of VVEDA, but I don’t think Victorville cares where we meet, or whether we rotate, or we pick a new site or whether we do it at the base. We have no dog in that hunt. If perception is such that people will feel more comfortable if we meet somewhere else, I would say so be it. I don’t have any qualms on behalf of the City of Victorville to the discussion about the Treasurers function being shifted to somebody else. I would like to be able to report back to my Council whether you guys, whoever is going to take it are going to do it pro bono as we have, or are you going to charge for your time. I’m not saying that that is right or wrong, I would like to be able to tell my Council what that is going to be.

Peter Allan – My proposal would be that I would take it back on the 24<sup>th</sup> to Apple Valley and that we would volunteer to do it pro bono.

Terry Caldwell – Great.

Thurston “Smitty” Smith – I was going to second that motion for Apple Valley to look into the Treasurer because our Treasurer/Finance guy is really looking into VVWRA right now.

Peter Allan – Our Finance Director is willing to take it on. We always get perfect audits.

Brad Mitzelfelt – One of the reasons that I requested a breakdown of costs was so that the Board could be informed that if they are going to take on a responsibility they know what that is going to cost. I don’t know what it cost to provide Treasurer Services to VVEDA.

Peter Allan – It is just pass through; it shouldn’t be expensive at all.

Jim Hart – You don’t know what it costs now, or what is budgeted?

Brad Mitzelfelt – What it would cost so therefore what would Apple Valley be agreeing to absorb if they adopted that recommendation?

Peter Allan – I would have to have a staff report for the Council meeting of the 24<sup>th</sup>.

Brad Mitzelfelt – Also there is a consideration of software and new accounts. We have talked about resolving those issues before the next special meeting ratifying those. We could agendize a final action on the Treasurer at that time. In the interim if you wanted to move this forward to take to your Council that would be a viable option.

Peter Allan – What I was going to do is get a commitment from my Council and bring it back to the VVEDA for ratification.

Brad Mitzelfelt – Ok, then this may be, we could continue Item #11 to a special meeting.

Terry Caldwell – I would suggest that you don’t have to do that Brad. If there are the votes, and I believe there

are, I believe it will be a unanimous vote for the Treasury function to be transferred to the Town of Apple Valley, you just simply make that motion subject to Apple Valley's Council at their next meeting concurring. If so, we don't have to come back, and I'm prepared to make that motion.

Keith Metzler – Just for housekeeping purposes the Treasurers function is clearly defined in the, it is spelled out in the JPA and the intention of the Board to pursue a change in the Treasurer does require I think minor modification to the JPA, but that is procedurally something that we would have to do at the next Board meeting.

Andre de Bortnowsky – It could be part, it is a majority vote, you could do it now we could just change the document for ratification.

Brad Mitzelfelt – Can anyone from, if it is ok with you, from Apple Valley staff address, are there any concerns relative to particularly whether you have the systems and software and so forth? I am more concerned about that, but if you have any other concerns.

Frank Robinson – I want to thank you for your concern. Clearly we have the technical capacity as I understand it, from a conference with my Finance Director. There will be a cost associated with it. Now that is a cost that if the Council chooses to absorb, that is fine. We need to understand what that is, so what I think Councilman Allan is requesting makes a lot of sense. He needs a staff report and we must give them the valuation of what the internal cost would be and then they would be able to make a decision with their eyes wide open.

Brad Mitzelfelt – I appreciate that. I have not heard, I haven't recognized a motion yet, but

Terry Caldwell – I said when it was time, I would be prepared to make it.

Brad Mitzelfelt – Mr. Caldwell

**Motion: To Move that the VVEDA Board adopt a motion that will transfer the Treasury function for VVEDA from the City of Victorville to the Town of Apple Valley subject to the Town of Apple Valley's concurrence to accept that responsibility.**

**MOTION: CALDWELL SECOND: PIEHE**  
**AYES: CALDWELL, ALLAN, MITZELFELT, SMITH, PIEHE**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

Peter Allan – Would it be appropriate Mr. Chairman to make a motion to leave the Executive Director and Legal Counsel as is, or do we need to make that motion?

Brad Mitzelfelt – I don't think a motion is necessary on that in my opinion. With regard to housekeeping on that, there may be a need for a special meeting to ratify some action. That may be an opportunity to address a response from the Apple Valley Council and we will need to collaborate on a date for that.

Andre de Bortnowsky – You could adjourn this meeting as opposed, but a special meeting is just as easy. It is your choice.

Terry Caldwell – I would prefer the special meeting because I don't know what my calendar would look like if we tried to pick a date right now.

Keith Metzler – I think a special meeting probably would be appropriate. I think pending the action from the Town Council, I think once we get that action then obviously there is going to be a transitional effort. I think we probably have got to sit down and open up the books and work towards the transition and then develop a go date or start date, for lack of better terms, as to when the effective date the Treasury function is to take place. It probably would be easiest to clearly define a break and when we do that, I think maybe, we can do that administratively and then I think we can decide on the appropriateness of calling a special meeting.

Peter Allan – Should Apple Valley then get involved in the checking account function and those other things that we have been talking about doing tomorrow?

Jim Cox – No, because as far as all the signatures, you can't make an assumption on the signatures until there is an action taken by the Board. I don't exactly know.

Peter Allan – Can you and Frank get together?

Jim Cox – We will do that. We probably have signature cards now; I am making an assumption that go back to when it was set up. We could probably right now set up a separate bank account because we are already authorized as the Treasurer. We have the documents and we can do that, but on the other hand and since it's a pass through it's a matter of ordering checks and probably re-signing. Apple Valley then has to make the determination because what we do is close out the books and transfer to them, so they have to determine whether they are going to have a fund accounting system, separate checking account, order the new checks and so on. So we really wouldn't do anything until it's coordinated or the Board desires we could set up the separate checking account, but it would be temporary checks until such is transferred.

Thurston "Smitty" Smith – No need until Apple Valley...

Peter Allan – I would wait until after the 24<sup>th</sup>, we have a Council meeting on the 24<sup>th</sup>.

Brad Mitzelfelt – Any objection to that? Any further discussion on that, it's already over, but ok. Thank you all for your comments.

Terry Caldwell – Before you leave the subject of location, do you want to talk about; one option is to have these meeting at the room out at the base.

Brad Mitzelfelt – I didn't detect a burning desire for that, but there is nothing stopping us from occasionally doing that.

Peter Allan – I don't have a burning desire to do that, but Gene might.

Gene Piehe – It would be nice for me, I'm almost next door.

Brad Mitzelfelt – I don't think there is anything in the bylaws or the JPA that says they have to be here.

Andre de Bortnowsky – You can set your meetings place and time by resolution. I think you currently have a

resolution that does that, you just adopt a new resolution if you want to put that on the next agenda, you can do that.

Peter Allan – We should have an occasional meeting out there.

Brad Mitzelfelt – We already tabled the discussion on SCLAA, if and when we come back to that, maybe we could address the meeting location. I'm just throwing that out there as one possibility, but we don't have to decide it tonight. Without objection we will move on to Item #13.

**BUSINESS AND COMMENTS BY VVEDA COMMISSIONERS, ALTERNATES, TECHNICAL ADVISORY COMMITTEE, AND STAFF**

Keith Metzler – I think Mr. Chairman just going back to the tabled item, if you would just give me, when appropriate, the clear direction as to whether or not I need to bring that back or what I need to do with that item, that would be helpful.

Brad Mitzelfelt – You got it. Any other comments or new business?

**NEXT MEETING**

The next meeting will be a regular meeting on June 10, 2009 at 5:00 p.m. at the City of Victorville, conference room "E".

**ADJOURNMENT**

Chairman Mitzelfelt adjourned the regular meeting of the Victor Valley Economic Development Authority at 7:14 p.m.

STATE OF CALIFORNIA  
COUNTY OF SAN BERNARDINO

I, Jennifer Thompson, Secretary to the Commission of the Victor Valley Economic Development Authority, hereby certify the foregoing to be a full, true, and correct copy of the record of the action taken by said Committee by vote of the members present, as the same appears in the Official Minutes of the Victor Valley Economic Development Authority at its regular meeting of March 11, 2009.

(SEAL)

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Jennifer Thompson  
Secretary to the Commission

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
BOARD MEETING OF: April 30, 2009

**SUBMITTED BY:** Keith C. Metzler   
Executive Director

**DATE:** April 21, 2009

**SUBJECT:** RESOLUTION No. 09-001 appointing a new Treasurer

**RECOMMENDATIONS:** That the Honorable Board of Commissioners adopt Resolution No. 09-001 appointing the Town of Apple Valley as the Treasurer

**FISCAL IMPACT:** None

**DISCUSSION:** At the regularly scheduled Board meeting of March 11, 2009, the Board approved a motion authorizing the transfer of the Treasury function from the City of Victorville to the Town of Apple Valley, subject to Town approval. On March 24, 2009, the Apple Valley Town council unanimously approved accepting the Treasury function at no cost to the VVEDA organization. Because Section 24 of the Joint Powers Agreement requires that a change in the Treasurer function be done so by resolution of the Board, Resolution 09-001 shall ratify the March 11, 2009 action of the Board of Commissioners. William Pattison, Assistant Town Manager shall serve as Treasurer and Kaye Reynolds, Assistant Director of Finance shall serve as Controller. In addition to the adoption of this resolution, staff requests that the Board authorize Frank Robinson, Apple Valley Town Manager, William Pattison, Assistant Town Manager – Town of Apple Valley, Kaye Reynolds, Assistant Director of Finance - Town of Apple Valley, and Keith Metzler, Executive Director – VVEDA as authorized signators to the VVEDA checking account to be established at Desert Community Bank and require that each check be signed by two of the authorized signators.

Staff remains available for any questions or comments.

KCM:jt

Attachments: Resolution No. 09-001

RESOLUTION NO. 09-001

RESOLUTION OF THE COMMISSION OF THE VICTOR VALLEY  
ECONOMIC DEVELOPMENT AUTHORITY  
APPOINTING A NEW TREASURER

WHEREAS, the Victor Valley Economic Development Authority (the "Authority") is a joint powers authority formed by the legislative bodies of its Members pursuant to Section 6500, et seq., of the California Government Code; and

WHEREAS, pursuant to Section 33492.40 of the California Health and Safety Code, the Authority, although it not organized as a redevelopment agency, has and shall exclusively exercise redevelopment powers in furtherance of the redevelopment of a project area approved by the Authority and, in addition to exercising the powers of a redevelopment agency, shall act as the legislative body and planning commission for all approvals and actions of legislative bodies and planning commissions for the adoption and implementation of a redevelopment plan; and

WHEREAS, the Authority was formed for the purposes of causing the reuse of George Air Force Base and amongst its many powers has the ability to exercise the powers of a redevelopment agency; and

WHEREAS, in accordance with the provisions of its joint powers agreement, the Authority may from time to time appoint officers to carry out certain duties and functions necessary for the administration of the Authority; and

WHEREAS, the Commission deems it desirable to designate The Town of Apple Valley to serve as the Treasurer and Controller of the Authority.

NOW, THEREFORE, BE IT RESOLVED, BY THE COMMISSION OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY, AS FOLLOWS:

Section 1. The Commission hereby appoints The Town of Apple Valley to serve as Treasurer and Controller to the Authority and to carry out the duties of the Treasurer under the terms of the Joint Powers Agreement creating the Authority.

Section 2. This Resolution shall take effect upon its adoption by the Authority.

PASSED, APPROVED AND ADOPTED THIS \_\_\_\_ day of \_\_\_\_\_, 2009, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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CHAIRMAN OF THE COMMISSION OF THE  
VICTOR VALLEY ECONOMIC DEVELOPMENT  
AUTHORITY

(SEAL)

ATTEST:

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Secretary of the Commission for the  
Victor Valley Economic Development Authority

VVDA\0001\DOC\465.DOC  
4\20\09 1145 law

I, \_\_\_\_\_, Secretary of the Commission for the Victor Valley Economic Development Authority do hereby certify that the foregoing Resolution No. \_\_\_\_\_ was duly and regularly passed and adopted by the Commission of the Victor Valley Economic Development Authority at a \_\_\_\_\_ meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 2009, and that the foregoing is a full, true and correct copy of said Resolution, and has not been amended or repealed.

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Secretary of the Commission for the  
Victor Valley Economic Development Authority

VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY  
BOARD MEETING OF: April 30, 2009

**SUBMITTED BY:** Keith C. Metzler, Executive Director   
William Pattison, Treasurer

**DATE:** April 22, 2009

**SUBJECT:** AUTHORIZATION OF OFFICERS TO DEPOSIT AND WITHDRAW  
MONIES IN THE LOCAL AGENCY INVESTMENT FUND

**RECOMMENDATION:** That the Honorable Board of Commissioners adopt Resolution No. 09-002 authorizing said officers to deposit and/or withdraw monies in the Local Agency Investment Fund

**FISCAL IMPACT:** None

**DISCUSSION:** At the Commission meeting of March 11, 2009 your Honorable Board directed staff to call a special meeting to address the Treasury function and related checking account functions in reference to the Treasurer position. The attached Resolution is in response to that direction and allows the authorized signators to deposit and withdrawal monies from VVEDA's Local Agency Investment Fund.

KCM/jrt

Attachment: Resolution No. 09-002

**RESOLUTION NO. 09-002**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY AUTHORIZING INVESTMENT OF MONIES IN LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976, Section 16429.1, was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the Victor Valley Economic Development Authority.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby authorize the deposit and withdrawal of Victor Valley Economic Development Authority monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following Victor Valley Economic Development Authority or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

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William Pattison  
Authority Treasurer

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Keith C. Metzler  
Executive Director

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Kaye Reynolds  
Assistant Director of Finance  
Town of Apple Valley

PASSED, APPROVED AND ADOPTED this 30th day of April, 2009  
by the following vote:

AYES: \_\_\_\_\_  
NOES: \_\_\_\_\_  
ABSENT: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
Chairman of the Commission of the  
Victor Valley Economic Development  
Authority

(SEAL)  
ATTEST:

\_\_\_\_\_  
Secretary to the Commission for the  
Victor Valley Economic Development  
Authority