



SPECIAL MEETING

MINUTES

OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

Meeting held at:
MUNICIPAL SERVICES BUILDING
COMMUNITY ROOM
33 ARROYO DRIVE
SOUTH SAN FRANCISCO, CA

TUESDAY, APRIL 3, 2012

CALL TO ORDER

Time: 3:00 p.m.

ROLL CALL

Present: Boardmembers Addiego,
Christensen, Farrales, Nagel and
Scannell, Vice Chairperson
Porterfield and Chairperson
Cullen.

Absent: None.

PLEDGE OF ALLEGIANCE

Led by Jim Steele, Finance Director,
City of South San Francisco.

1. Introduction of Boardmembers.

Boardmembers introduced themselves and took the Oath of Office administered by Hon. Krista Martinelli, City Clerk, City of South San Francisco.

2. Organization of Board

a. Call for Nominations for Chairperson (Steele)

Boardmember Addiego nominated Boardmember Scannell as Chairperson of the South San Francisco Oversight Board, which nomination was seconded by Boardmember Christensen.

Boardmember Scannell declined nomination.

Boardmember Scannell nominated Boardmember Cullen as Chairperson of the South San Francisco Oversight Board.

Boardmember Cullen nominated Boardmember Farrales as Chairperson of the South San Francisco Oversight Board.

Boardmember Farrales declined nomination and seconded the nomination of Neil Cullen.

Motion— Boardmember Scannell/Second— Boardmember Farrales: to appoint Neil Cullen as the Chairperson of the South San Francisco Oversight Board. Unanimously approved by voice vote.

b. Call for Nominations for Vice Chairperson (Chair)

Boardmember Christensen nominated Boardmember Porterfield as Vice Chairperson of the South San Francisco Oversight Board.

Chairperson Cullen seconded the nomination of Boardmember Porterfield.

Motion— Boardmember Christensen/Second— Chairperson Cullen: to appoint Denise Porterfield as the Vice Chairperson of the South San Francisco Oversight Board. Unanimously approved by voice vote.

PUBLIC COMMENTS

Comments from members of the public on items not on this meeting agenda. The Chair may set time limit for speakers. Since these topics are non-agenda items, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board may refer items to staff for attention, or have a matter placed on a future agenda for a more comprehensive action report.

Chair Cullen limited public comment to 3 minutes per speaker.

None.

MATTERS FOR CONSIDERATION

3. Consideration of Legal Services Agreement with Craig Labadie. (Mattas)

City Attorney Mattas presented the agreement for retention of Craig Labadie as legal counsel to the Oversight Board. He noted Mr. Labadie was being recommended to the Board as a very experienced public law attorney.

Chair Cullen suggested certain modifications to the agreement.

City Attorney Mattas explained the respective modifications. He further stated that the agreement would be signed by Chair Cullen, on behalf of the Oversight Board, himself as Counsel to the Successor Agency and by Mr. Labadie as legal services provider.

Motion— Boardmember Addiego/Second— Boardmember Nagel to approve the Legal Services Agreement with Craig Labadie with modified language suggested by Chair Cullen.

On the question, Boardmember Farrales suggested that a “not to exceed” monetary term be considered for inclusion in the agreement.

City Attorney Mattas advised that after the completion of Board action that would help to define the scope of Mr. Labadie’s work within the next few weeks, consideration of such a term would be more appropriate.

Mr. Labadie agreed.

Motion— Boardmember Addiego/Second— Boardmember Nagel: to approve the Legal Services Agreement with Craig Labadie with modified language suggested by Chair Cullen.

Unanimously approved by roll call vote.

4. Consideration of Rules of Procedure and Future Meeting Dates. (Farrales/Mattas)

City Attorney Mattas presented the staff report recommending the Oversight Board adopt by motion a regular meeting date and the recommended Rules of Procedure that had been presented in the materials provided to Boardmembers in advance of the meeting.

Counsel Labadie advised the Board could establish whatever rules of procedure it preferred as long as such rules did not conflict with the Brown Act.

Boardmembers discussed the various rules and determined that due to the amount of work that needed to be done in the immediate time period, it was best to continue with special meetings and establish a regular meeting time at a later date.

Boardmembers further discussed modifying the proposed Rules of Procedure to remove language at: (1) Section 5(b): requiring a majority vote of the Board to place an item on the agenda; (2) Section 9(a) requiring a roll call vote; and (3) Section 5(c) establishing U.S. Mail as the means of packet delivery to Boardmembers.

Boardmember Farrales moved to approve the Proposed Rule of Procedure without modification. The motion was not seconded.

The Board determined to address Section 5(c) under Agenda Item 6 below.

Regarding Section 5(b) and in response to inquiry from Boardmember Christensen, City Attorney Mattas explained the various South San Francisco agencies addressed agenda preparation in different ways based upon respective written procedures. Specifically, any member of the City Council could place an item on the agenda in consultation with the City Manager. Other items were staff generated in consultation with the Mayor.

Boardmembers agreed that Section 5(b) should be modified to include language that the

Chairperson of the Board in consultation with staff and one member of the Board could set the agenda. This would strike the language requiring a majority vote of the Board to place an item on the agenda and accommodate minority concerns.

For efficiency purposes, Boardmembers agreed to replace language requiring a roll call vote with language requiring a voice vote in Section 9(a).

Motion— Boardmember Nagel/Second— Boardmember Scannell: to adopt the proposed Rules of Procedure for the Oversight Board for the Successor Agency to the South San Francisco Redevelopment Agency with modifications to Sections 5(b) and 9(a) respectively: (1) striking language requiring a majority vote of the Board to place an item on the agenda and replacing it with language establishing the Chairperson would set the Agenda in consultation with staff; and (2) replacing roll call vote language with voice vote language. Unanimously approved by voice vote.

5. Agenda Format/Procedure. (Martinelli)

City Clerk Martinelli explained standard procedure for posting and circulating City Council and Successor Agency Agendas and proposed the same procedures for Oversight Board Agendas.

Boardmembers unanimously agreed to the Clerk's proposal via voice vote called by Chair Cullen.

6. Packet Delivery/Electronic Capability. (Martinelli)

City Clerk Martinelli advised Boardmembers that Agenda packet delivery was available by U.S. Mail, e-mail and iPad.

Boardmembers requested that FedEx delivery also be an option depending on the length of time between packet availability and the corresponding meeting.

Via voice vote called by Chair Cullen, Boardmembers unanimously agreed to modify Section 5(c) of the Rules of Procedure to authorize U.S. Mail, FedEx, e-mail and iPad delivery of agenda packets at the discretion of each member.

7. Availability of Contact Information/Website. (Martinelli)

City Clerk Martinelli proposed an Oversight Board webpage format to be maintained on the City's website at www.ssf.net. The Board's webpage would include a brief description of the Board, identify members and provide links to agendas, agenda packets, minutes and actions taken documents. Clerk Martinelli sought a determination from the Board as to whether members preferred the provision of personal contact information or a general e-mail directed to staff for forwarding to the Board as the means of contacting Boardmembers via the webpage.

Via a voice vote called by Chair Cullen, Boardmembers preferred a general Oversight Board e-mail address, mail to which would be reviewed by staff and referred to the Board for follow-up.

8. Presentation and consideration of the Draft Amended Recognized Obligations Payments Schedule (ROPS) for the period January through June 2012. (Sanchez/Steele/Mattas)

Director of Finance Steele, City Attorney Mattas and Redevelopment Consultant Sanchez presented the staff report recommending that the Oversight Board review the amended draft Recognized Obligations Payment Schedule (“ROPS”) for the period January through June 2012 as required by Assembly Bill x1 26.

Staff advised that the Successor Agency adopted a draft ROPS at its February 22nd meeting. The ROPS was amended at the March 23rd meeting of the Successor Agency. Amendments made at the meeting on the 23rd were highlighted in yellow in the ROPS provided in the meeting packet. Before the ROPS can become effective, it must be certified by an external auditor, approved by the Oversight Board and transmitted to the State Department of Finance and State Controller by April 15th. If the two approval conditions were not met, the ROPS would still be forwarded to the state by April 15th with a notation of approval process status. Staff’s presentation at this meeting was to familiarize Boardmembers with the obligations and answer questions such that a decision with respect to the contents of the ROPS would ultimately be possible. Staff did not seek an approval of the ROPS at this meeting for reasons including that the auditor would not issue its opinion on the ROPS until at least Monday, April 9th.

Staff reviewed line items 1-72 and pass-through payments 1-14 on a line item basis. Questions posed by Boardmembers for staff follow-up are summarized below.

- ROPS Items 2-17 outstanding bonds and debt obligations:

Boardmembers requested follow-up information regarding the extent to which bond obligations could be paid down with reserves such that there would be less money available now in exchange for interest savings and an even payment schedule moving forward.

Regarding HUD loans such as those listed at Item 6, Boardmembers requested clarification of potential funding source options for pay-off.

- ROPS Items 18-23 pertaining to the Oyster Point Ventures Project and Disposition & Development and other related agreements.

Boardmembers requested information pertaining to the investment plan for funds reserved for this project and specifically pertaining to potential interest on funds.

Boardmembers requested a more specific timeline for the project including contingencies.

Boardmember Christensen questioned the propriety of including the obligation in the ROPS given that no obligation was identified in the present fiscal year.

Staff acknowledged that the entirety of the “Total Remaining Debt or Obligations” column was optional and not required by the State Department of Finance. Staff members explained the purpose for including the column was to provide Boardmembers with complete knowledge of

outstanding debt and obligations. Staff would consult the State Department of Finance FAQ to determine whether inclusion of contingent liabilities was permissible.

Regarding the Oyster Point Flyover and Sewer Impact Fee, loan agreements and/or terms were requested. It was further requested that loan payback be reflected on the Successor Agency's Budget.

Boardmembers requested additional information on the Harbor District Agreements specified at lines 20 and 21, including specific terms, work completed and terms met by the Harbor District.

Build out scenarios for the entirety of the project were requested.

Boardmembers requested the estimated magnitude of tax generation on the project.

Finally, staff was requested to provide a projected breakdown of soft costs reflected in line 23 and referenced in relation to the Harbor District Projects.

- ROPS Items 24-27 pertaining to items producing respective on-going revenue streams.

Regarding the Miller Avenue Parking Structure referenced at line 24, Boardmembers requested clarification as to whether the State Department of Finance would make a determination on the validity of the loan forgiveness between the Redevelopment Agency and the Parking District; and, if so, the possible timeline for receipt.

- ROPS Items 28-31 pertaining to Train Station Improvements.

Boardmembers pointed out that staff research requested above with respect to the Department of Finance's position as to the propriety of inclusion of contingent liabilities would determine whether Item No. 30 should be carried on this ROPS.

- ROPS Items 32 and 33 pertaining to Two (2) Housing Replacement Units.

Boardmember Christensen requested that Counsel Labadie determine whether the statutory housing obligation creating these obligations exists after dissolution of the RDA. She opined that AB 26 may have eliminated it and requested clarification on the point.

- ROPS Items 38- 48 pertaining to grants and grant management.

The Board queried staff costs for grant administration past the end of this year. It requested that staff confirm the obligation to monitor/manage grants in the wake of RDA dissolution.

- ROPS Items 54-55 pertaining to consulting services related to audit, financial analyses and local tax compliance.

Boardmembers requested that staff research whether items set forth here were properly accounted for as separate ROPS obligations as opposed to being categorized as a statutory administrative expense.

- ROPS Items 59 and 60 pertaining to maintenance of commercial properties.

Boardmember Christensen suggested outside contractors could maintain properties for less than the expense incurred by utilization of City employee maintenance workers and requested that staff consider this option.

- ROPS Items 63, 64, 69 and 70 pertaining to administrative and property disposition costs.

Boardmembers requested clarification of administrative costs and the administrative budget generally. It was further requested that staff confirm that property disposition costs were best treated as a separate ROPs line item as opposed to being folded into administrative costs.

- ROPS Items 71 and 72 estimated legitimate retirement costs eligible as Successor Agency expense.

Boardmembers requested clarification on the accounting for this expense. They further requested an opinion from Counsel Labadie as to the identification of former South San Francisco Redevelopment Agency Employees.

9. Consideration of need for Audit/RDA Financial Consulting Assistance. (Christensen/Farrales)

This item was not heard.

10. Identification of staffing and salaries in connection with the Successor Agency's proposed staffing of the Oversight Board. (Farrales)

This item was not heard.

11. Consideration of insurance and risk management matters. (Farrales)

Boardmembers requested that Counsel Labadie verify that the Successor Agency will cover the Oversight Board's risk exposure.

12. Discussion of the Composition of the Committee. (Christensen)

Boardmember Christensen questioned the appointment of City Manager Nagel based on an interpretation of the statute requiring that the Mayor appoint a representative of the largest employee organization that served the former Redevelopment Agency.

Counsel Labadie stated he would research and formulate a legal opinion for the Board's direction on this point.

13. Future Agenda Items. (Chair)

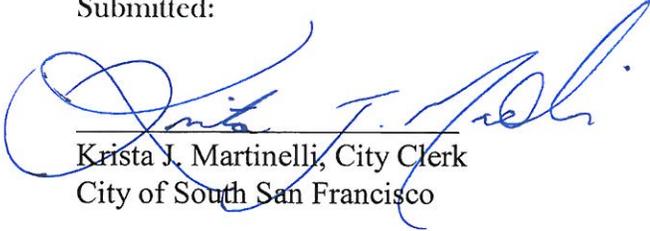
Chair Cullen determined that Agenda Items 8-12 should be placed on the upcoming Special Meeting Agenda for hearing.

ADJOURNMENT

Motion — Boardmember Christensen/Second— Boardmember Farrales: to adjourn the meeting.
Unanimously approved by voice vote.

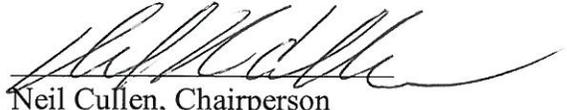
Pursuant to the above Motion, the meeting was adjourned at 5:45 p.m.

Submitted:



Krista J. Martinelli, City Clerk
City of South San Francisco

Approved:



Neil Cullen, Chairperson
Oversight Board for the Successor Agency
to the City of South San Francisco
Redevelopment Agency