



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

WEDNESDAY, APRIL 10, 2012

CALL TO ORDER

Time: 9:00 a.m.

ROLL CALL

Present: Boardmembers Addiego,
Christensen, Farrales, Nagel*,
Beaudin* and Scannell, Vice
Chairwoman Porterfield and
Chairman Cullen.

Absent: None.

*Boardmember Nagel served until
Boardmember Beaudin took office as
reflected at the summary of Item No.
2 below.

PLEDGE OF ALLEGIANCE

Led by Chairman Cullen.

- 1) Motion to approve the Minutes of the April 3, 2012 Special Meeting.

Boardmember Porterfield requested that future minutes reflect continuation in the body of the summary of the item at issue as opposed to solely under the "Future Agenda" standing item.

Motion-Boardmember Scannell/Second— Boardmember Addiego: to approve the Minutes of the April 3, 2012 Special Meeting. Unanimously approved by voice vote.

- 2) Consideration of Regular Meeting dates for the Oversight Board.

At Chairperson Cullen's suggestion, Boardmembers agreed to continue this item.

- 3) Discussion of Composition of the Oversight Board.

City Attorney Mattas advised South San Francisco Mayor Garbarino had appointed South San Francisco Principal Planner Gerry Beaudin to the Board to fill the seat designated for a former employee of the Redevelopment Agency and held by City Manager Nagel.

Boardmember Beaudin replaced City Manager Nagel on the Board after taking the Oath of Office administered by Hon. Krista Martinelli, City Clerk, City of South San Francisco.

Boardmembers introduced themselves to Boardmember Beaudin.

- 4) Consideration of need for audit/ RDA financial consulting assistance.

Boardmembers agreed that this item should be combined with Item No. 5 below and continued to be presented along with consideration of an administrative budget at a meeting in May.

- 5) Identification of staffing and salaries in connection with the Successor Agency's proposed staffing of the Oversight Board.

Boardmembers agreed that this item should be combined with Item No. 4 above and continued to be presented along with consideration of an administrative budget at a meeting in May.

- 6) Consideration of insurance and risk management matters.

Counsel Labadie advised Boardmembers of general immunity from liability, but noted the possibility that a third party could bring a writ of mandate or breach of contract action. As such actions did not represent insurable risk, he recommended against adding a line item to the ROPS for coverage. If imminent litigation surfaced, it would be appropriate to add a line item covering expected litigation costs to an ensuing ROPS.

Boardmembers agreed.

- 7) Presentation and consideration of the draft Amended Recognized Obligations Payments Schedule (ROPS) for the period January through June 2012.
 - a. Presentation on responses to questions from Oversight Board.

The staff report was presented by City Attorney Mattas, Assistant City Manager and Director of Economic and Community Development Van Duyn, Finance Director Steele and Redevelopment Consultant Sanchez.

Director of Finance Steele made general introductory comments advising that the County issued its Audit Report yesterday evening including agreed upon procedures and findings. The report, prepared by a consultant hired by the County, appeared to be based on the initial draft ROPS

approved by the Successor Agency in February as opposed to the amended ROPS approved in late March. Additionally, preliminary review indicated that a significant amount of supplemental information staff submitted to the Auditor on April 2nd was not considered. Staff had contacted the Auditor and would request by Friday an updated report based upon the amended ROPS and considering the supplemental information.

Boardmembers queried certain line items questioned by the Auditor, which staff explained would likely be resolved with consideration of the amended ROPS and supplemental information.

Boardmembers agreed that no action could be taken on the ROPS until further Auditor review. However, Chairman Cullen directed staff to proceed with the staff report providing information responsive to the questions Boardmembers posed at the previous meeting. The staff report was then presented with staff providing additional information with respect to lines 2-21, 24, 28, 30, 32, 48, 54-56, 59, 60, 67, 68, 71 and 72. Action and/or direction provided by Boardmembers are summarized herein.

●ROPS Line Items 2-17 Bonds/Debt Obligations.

Motion— Boardmember Christensen/Second— Boardmember Addiego: to call the following bonds/debt obligation early and direct payment of \$6,897,000 with cash on hand: 1999 Housing Bonds, HUD Section 108 Loan and 1999 Certificates of Participation.

On the question and after further discussion it was determined this Motion would be most appropriately considered in relation to the upcoming July-December ROPS due to the August 31, 2012 call date. With respect to the present ROPS, a June payment would have to take place.

The Motion and Second were respectively withdrawn by Boardmembers Christensen and Addiego.

●ROPS Line Item 18 Oyster Point Ventures.

Boardmembers directed staff to develop a tiered funding proposal for the Oyster Point Ventures obligation. In addition, Boardmembers requested a yearly cash flow chart to include a demonstration of how the proposed yearly funding obligation would be met.

●ROPS Line Item 28 Train Station Improvements.

Boardmembers directed staff to provide a chart of contract payments made and outstanding amounts from January 1, 2012- June 30, 2012 to justify the \$233,342,52 amount reflected on the ROPS.

●ROPS Line Item 31 Train Station Improvements Phase 2.

The \$25,000 obligation reflected in the present fiscal year would be dropped from the ROPS as Phase 2 was not yet underway.

●ROPS Line Item 51 Buon Gusto Ristorante Loan.

Upon inquiry by Chairman Cullen, staff confirmed that it would look into renegotiating or terminating the loan if work did not commence by the end of the year.

Recess: 11:00 p.m.

- ROPS Line Items 54-56 Consulting Services and Local Tax Compliance.

Boardmembers accepted staff's recommendation to remove lines 54 and 55 from the ROPS since the items represent routine ongoing administrative professional services for the Successor Agency.

Staff recommended that Line 56 remain on the ROPS and not be absorbed into general administration due to the nature of the contract.

- ROPS Line Items 59 and 60 Maintenance of Non-housing Properties.

Boardmembers noted the difference between the Auditor's number on these line items and the numbers reflected on the amended ROPS. Staff explained it did not know the reason for the difference, but hoped clarification would come by Friday.

Redevelopment Consultant Sanchez advised a more detailed estimate of staffing costs would be available upon the preparation and approval of a disposition plan.

Boardmember Farrales requested that staff present a disposition plan for consideration at a meeting in May after approval of the next ROPS.

Staff advised of plans to familiarize Boardmembers with the commercial properties that might be subject to disposition.

- ROPS Line Items 63 and 64 relating to Successor Agency Administration Costs.

Staff explained the reasons for the difference between the Auditor's numbers and those reflected on the amended ROPS. Staff also clarified these line items to be the numbers factored into the 5% administrative threshold. It was further stated that by Friday, staff would run a report providing a breakdown as to how these funds were being expended. Staff further noted that funding of these line items was necessary on this ROPS to permit preparations for property disposition despite that property would not be disposed of until the next six month period at the earliest.

- ROPS Line Items 71 and 72 Accrued PERS Pension and Retiree Health Obligations.

Boardmembers determined to remove these allocations from the obligations due under the present ROPS but to include the line items and totals under the Total Remaining Debt and Obligations Column. As explained by Counsel Labadie, this would present the issue for California State Department of Finance review.

Upon inquiry by Boardmembers Scannell and Porterfield respectively, staff advised that the Redevelopment Agency had historically funded proportionate shares of these obligations for specific employees as warranted by hours worked on Redevelopment projects. Detail regarding this accounting would be provided to the Board since the time of establishment of the new City-wide accounting system three years ago.

Upon inquiry by Boardmember Farrales, staff confirmed that an actuary report regarding these numbers would be available next week.

b. Consideration of motion to approve draft ROPS.

No Motion considered.

8) Future Agenda Items.

In a response to inquiry by Vice Chairperson Porterfield, Counsel Labadie and Director of Finance Steele explained that property transfers between the Redevelopment Agency and the City made after January 1, 2011 would be reviewed by the State Controller. Finance Director Steele would submit required forms to the Controller by April 16th. These forms would be provided to the Board after submission.

Chairman Cullen requested that an action to designate a Department of Finance contact person pursuant to California Health & Safety Code Section 34179(h) be placed on the April 13, 2012 Special Meeting Agenda.

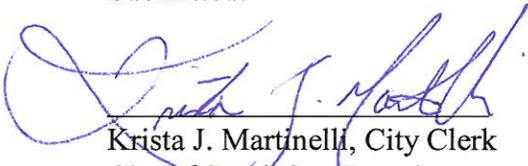
ADJOURNMENT

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

Pursuant to the above motion, the meeting was adjourned at 11:46 a.m.

Submitted:

Approved:


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


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