



REGULAR 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, MAY 8, 2012

CALL TO ORDER

Time: 2:00 p.m.

ROLL CALL

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

Absent: Boardmember Scannell.

PLEDGE OF ALLEGIANCE

Led by Vice Chairperson Porterfield.

AGENDA REVIEW

Staff advised that Agenda Item 2 was not necessary for consideration at this time.

Chairperson Cullen directed that the Item be maintained as a Future Agenda Item until appropriate for hearing.

Additional Agenda Review took place later in the meeting as set forth below at Item 4.

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.

None.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the April 24, 2012 Special Meeting.

Motion– Boardmember Farrales/Second– Boardmember Christensen: to approve the Minutes of the April 24, 2012 Special Meeting. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin and Christensen, Vice Chairperson Porterfield and Chairperson Cullen; NAYES: None. ABSTAIN: None. ABSENT: Boardmember Scannell.

2. FPPC Conflict of Interest Code.

Per the direction set forth under Agenda Review above, this item was placed on the Future Agenda Items roll for hearing at a later date.

3. Presentation and consideration of the Recognized Obligations Payments Schedule (ROPS) for the period July through December 2012.

- a. Presentation of ROPS.

Director of Finance Steele presented the ROPS for the July 2012- December 2012 period. Prior to the onset of the ROPS review, Director Steele responded to the Board's question regarding the Department of Finance and confirmed that the City had not received inquiry from the Department within the 10-day notice period since submission of the Board-approved January 2012-June 2012 ROPS.

Director Steele proceeded with review of the July 2012-December 2012 ROPS, noting that no new items were added as compared against the January-June 2012 ROPS. Accordingly, the Board had seen each of the 24 items before. Cross references to line items in the previous ROPS were provided on the schedule for ease of review. As part of the line by line discussion, Assistant City Manager and Director of Economic and Community Development Van Duyn discussed items 7 and 8 relating to the Harbor District Agreement. Item 7 specifically pertained to costs associated with Harbor District improvements and reimbursements per the underlying agreement.

Counsel Labadie noted that he had discussed and obtained the underlying Harbor District and Oyster Point Ventures Agreements from staff. He planned to provide the Board with a complete legal analysis of the agreements prior to first payments being made in July. In response to the Board's questioning as to how the pending analysis would affect its ability to approve the ROPS, Counsel Labadie advised that the ROPS could be approved as presented and the Board could subsequently direct that the July payments not be made if an adverse conclusion were to be reached by legal analysis. He further explained that any disbursement allocated to fund the obligation would be adjusted in the subsequent ROPS and corresponding disbursement from the County. Director Steele noted a line item for "Total Surplus (Deficit) Carryover from prior ROPS" would capture such amounts at the bottom of every ROPS.

Director Steele continued with line item review of the proposed July 2012-December 2012

ROPS. In response to Boardmembers' questions pertaining to listing costs related to Property Disposition set forth at Item 21, consultant Sanchez responded that broker costs were expected to be paid with proceeds from sales. In response to a question from Boardmember Christensen, Director Steele responded that the amounts set forth at Item No. 22 were estimated.

Upon completion of the review, Chairman Cullen stated the Board was presented with the proposed July 1, 2012- December 31, 2012 ROPS including all items, with the caveat that payments on certain items related to the Harbor District and Oyster Point Ventures Agreements would be subject to Board discretion pending review of legal analysis by Counsel Labadie.

- b. Presentation of Administrative Budget including identification of staffing and salaries in connection with the Successor Agency's proposed staffing of the Oversight Board.

Director Van Duyn presented the Successor Agency Administrative Budget as set forth on Exhibit B to the staff report accompanying the agenda item. He explained the Administrative Budget for July- December 2012 was estimated at \$269, 560.00, which was made up of \$85,130.00 in Professional and Specialized Services, \$11,301.57 for supplies and services related to meeting expenses, office supplies, printing services and special noticing, and \$173, 127.43 worth of staff support costs as measured by a percentage of full time employee position, including salaries, benefits and retirement costs. He advised that as actual costs are incurred, Boardmembers would be provided with further breakdown.

Boardmembers questioned the inclusion of employee benefits and retirement costs in the Administrative Budget as relevant to the staff support cost estimate.

Staff noted that although the Agency had not previously funded OPEB and PERS contributions in this manner, it would have been well advised to do so. City Manager Nagel confirmed that it should have been done. From what staff had learned, it was making the recommendation to follow the pay-as-you-go methodology going forward.

Boardmember Addiego stated the cost of staff expense identified in the report, including benefits and retirement costs, represented the true cost expended in support of the Successor Agency and Oversight Board.

Chairman Cullen recounted that the Department of Finance would have the ultimate say on the propriety of the allocation.

- c. Consideration of Motion to approve ROPS and Administrative Budget for the period of July through December 2012.

Motion– Boardmember Addiego/Second– Boardmember Christensen: to approve the ROPS and Administrative Budget for the period of July 1, 2012 through December 31, 2012. Approved by the following roll call vote: AYES: Boardmembers Addiego, Beaudin and Christensen, Vice Chairperson Porterfield and Chairperson Cullen; NOES: None. ABSTAIN: None. ABSENT: Boardmember Scannell.

4. Agenda Review: Emergency Item

City Attorney Mattas advised that at 1:00 p.m. on the afternoon of this meeting, Finance Director Steele received a call from the County Auditor pertaining to the approved January 2012- June 2012 ROPS. The County believed that “reserves” called out as a funding source on the approved January 2012- June 2012 ROPS were insufficiently defined. Based on direction at previous meetings, it was clear that Boardmembers intended to allocate tax increment for payment of debt obligations of the former RDA. Accordingly, staff recommended placing an urgency item on the present agenda to clarify for the County that the Board intended the indebtedness to be paid off with Redevelopment Property Tax Trust Fund (“RPTTF”) funds.

Counsel Labadie advised that a 2/3 vote of the Board was required to place this item on the agenda as an urgency item. He believed this to be a valid urgency as it came to light after the agenda was posted and immediate action was needed.

Motion– Boardmember Beaudin/Second– Vice Chairperson Porterfield: to add an urgency item pertaining to the 1:00 p.m. inquiry from the County Auditor regarding the Board’s intent with respect to the funding source for certain payments authorized on the January 2012- June 2012 approved ROPS. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin and Christensen, Vice Chairperson Porterfield and Chairperson Cullen; NOES: None. ABSTAIN: None. ABSENT: Boardmember Scannell.

Director Steele then recounted that the Board had approved debt service payment of Items 2-9 on the prior approved ROPS funded by RPTTF. Similarly, Pass-through payments set forth as Items 1-14 on page 4 of the prior approved ROPS would be paid using RPTTF. Finally, any leftover dollars would be allocated towards Bond defeasance and row 75 indicates this intent. The revisions clarify the funding source for these items as RPTTF.

Motion– Vice Chairperson Porterfield/Second– Boardmember Christensen: to authorize Director of Finance Steele to report to the County Auditor that the Board intended to fund certain line items on the January 1, 2012-June 30, 2012 ROPS with RPTTF.

5. Financial/Cash Flow Updates:

- a. Review of letter from County Controller Dated May 2, 2012 on Tax Distribution.
- b. Review of Cash Flow.

Director of Finance Steele presented cash flow information in light of a May 2, 2012 letter from the County issued by Bob Adler. The presentation included the Successor Agency’s cash flow updated with the approved July 2012 through December 2012 ROPS. He noted that the County’s estimated \$3.1 million distribution to taxing entities did not take into account the Board’s designation in the approved January 2012- June 2012 ROPS of \$3 million of surplus property tax for bond defeasement. In response to questions from the Board regarding whether the County planned to provide future estimates of ongoing money as opposed to one-time money, Director Steele responded that it was unclear. He pointed Boardmembers to a page in the cash flow estimate he provided which included conservative Fiscal Year 2013-2017 estimates. He noted projections indicating what the City might receive as a taxing entity, but stated he was not

comfortable making such projections for the other taxing entities given the high number of uncertainties presently outstanding. He did note, however, that based on the bond defeasement, an ever-growing payout to the taxing entities would accrue over time.

Chairman Cullen recounted a conversation he had with Shirley Tourel of the County pertaining to the May 2, 2012 letter. He noted the County expected a six (6) month lag in reporting based on overages and/or deficits from approved ROPS versus actual spending. He relayed that Ms. Tourel advised further information would be forthcoming from the controller's office.

6. Future Agenda Items.

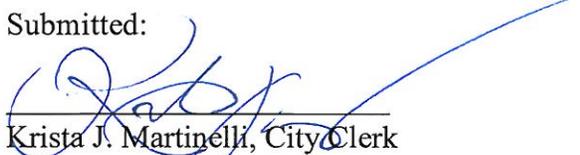
- a. Administrative Budget: consideration of need for audit/RDA financial consulting assistance.
- b. Recommendations pertaining to disposition/demolition of properties previously held by the Redevelopment Agency.
- c. Report on any determination by the State of California Department of Finance on unfunded pension and liabilities being an enforceable obligation of the Successor Agency of a Redevelopment Agency.
- d. Report on legal analysis pertaining to Harbor District Agreement and consideration of motion approving Harbor District Agreement as enforceable obligation of the Successor Agency.

ADJOURNMENT

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

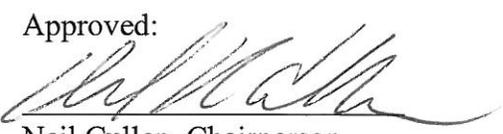
Pursuant to the above motion, Chairman Cullen adjourned the meeting at 3:07 p.m.

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