



# 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

CITY HALL  
LARGE CONFERENCE ROOM, TOP FLOOR  
400 GRAND AVENUE

TUESDAY, OCTOBER 9, 2012  
2:00 P.M.

### CALL TO ORDER

Time: 2:00 p.m.

### ROLL CALL

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

Absent: Boardmember Farrales.

### PLEDGE OF ALLEGIANCE

Led by Boardmember Christensen.

At the outset of the meeting, Chairperson Cullen advised the September 12, 2012 Regular Meeting was cancelled due to lack of Agenda Items.

### AGENDA REVIEW

None.

### 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 Regular Meeting of August 14, 2012.

Motion— Boardmember Scannell/Second— Vice Chairperson Porterfield: to approve the Minutes of the Regular Meeting of August 14, 2012 with revisions to Items 9 and 10 as recommended by Chairperson Cullen. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen and Scannell, Vice Chairperson Porterfield and Chairperson Cullen. NOES: None. ABSTAIN: Boardmember Addiego. ABSENT: Boardmember Farrales.

2. Presentation of results of County Auditor Review of ROPS III.

Finance Director Steele presented the staff report and advised this informational item concerned the results of the County Auditor Controller Review of the Recognized Obligation Payment Schedule III (“ROPS III”) for the period January through June 2013, which the Board approved at its Regular Meeting on August 14, 2012. The County did not object to any portions of the ROPS III, but noted: 1) the new obligations that were included on ROPS III; 2) the ongoing obligations specified in ROPS III; and 3) observed that the Successor Agency is staying within the Administrative Allowance. Director Steele advised the change in funding sources between the prior ROPS and ROPS III was due to shifting reliance from reserves which had been exhausted, including the Low and Moderate Income Housing Fund and bond reserves. Additionally, Redevelopment Property Tax Trust Fund (RPTTF) was identified as a source of funding.

Director Steele noted that since receipt of the County’s Review, the State Department of Finance (“DOF”) rejected four items on ROPS III. The rejected items were as follows: (1) two housing replacement units for \$900,000 (line item 32 on ROPS III); (2) \$12,000 in staff time associated with these housing units (line item 33 on ROPS III); (3) bond proceed restrictions (line item 77 on ROPS III) and (4) administrative costs (line item 78 on ROPS III). Staff was preparing to submit an appeal of DOF’s determinations.

In response to questions from Chairman Cullen and Boardmember Christensen, Director Steele and Assistant City Manager Van Duyn advised that a determination on line items 32 and 33 would depend on whether these former Redevelopment Obligations survived the changes to Redevelopment Law.

Based on various statutory time lines, Counsel Labadie opined there should be some resolution to the planned appeal by December 31, 2012.

3. Update on 2006 RDA Bonds Escrow/Trust Account.

Director of Finance Steele presented the informational staff report advising that per direction from the Oversight Board on the Recognized Obligations Payment Schedule (“ROPS”) for the period of January 1, 2012 through June 30, 2012, left-over funds from the former Redevelopment Agency as of June 30, 2012 were deposited to an escrow or trust account held by Deutsche Bank. The Board authorized up to \$60,000,000 to fund this account to pay off the 2006 RDA Bonds at their first call

date in 2016. On September 6, 2012, staff deposited \$50,216,735.58 into this account. Net bank fees, the total deposit was \$50,195,885.58. Director Steele further provided an updated estimate of the funding needed to call the bonds. The payoff amount as of August 31, 2016 is estimated at \$56,775,000. While a few factors might change this number, including a projected maximum of \$998,000 in RPTTF Funds, funds expected to be on hand after the Due Diligence Review in January 2013 should more than cover the obligation.

In response to a question from Boardmember Scannell, Director Steele explained Deutsche Bank was selected as the winning bidder pursuant to a sealed bid process approved by Bond Counsel. The lowest bid offering the highest yield was required for selection.

4. Transmittal of and Receive Public Comments on Former Low and Moderate Income Housing Fund Due Diligence Review of Cash and Cash Equivalent Available for Disbursement to Taxing Entities.

Director of Finance Steele presented the informational staff report advising that Assembly Bill 1484 required an audit of former Redevelopment Agencies to verify the unobligated balance available from the former Low to Moderate Income Housing Fund (“LMIHF”) for distribution to taxing agencies. Staff contracted with Badawi and Associates, CPA, to complete the audit. On October 1, 2012, staff transmitted the LMIHF audit to the DOF, State Controller and County Auditor Controller as required under AB 1484. The audit confirmed LMIHF total assets of \$30,789,162. Of that amount, \$27,802,350 is unobligated and will be distributed to taxing agencies in November 2012. The Agency will retain \$2,986,812. This remaining \$2,986.812 in assets consists of 1999 housing bond proceeds of \$2,381,532, the bond reserve of \$326,158 and \$270,372 related to debt service and accounts payable. Pursuant to AB1484, presentation of the audit at this meeting serves as the Oversight Board’s introduction of the item and triggers the five day public comment period that is required to take place before the Oversight Board meeting to vote to approve the audit. The Board has scheduled a Special Meeting for approval of the audit on October 19<sup>th</sup>- the earliest mutually convenient date for Boardmembers after expiration of the 5 day period.

5. Future Agenda Items.
  - a. 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.

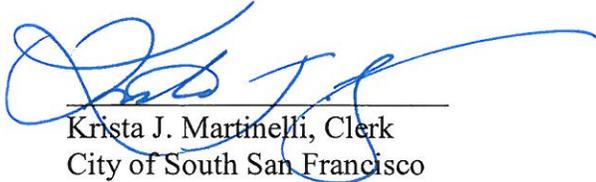
Chairperson Cullen advised he would bring a draft letter for Board authorization at the next meeting. The letter directed to DOF would request guidance about unfunded pension and liabilities being an enforceable obligation of the Successor Agency of a Redevelopment Agency.

ADJOURNMENT

Motion— Boardmember Addiego/Second— Boardmember Scannell: to adjourn the meeting.  
Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen and Scannell, Vice Chairperson Porterfield and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Farrales.

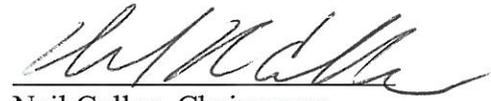
Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 2:37 p.m.

Submitted:



Krista J. Martinelli, 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