



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, DECEMBER 11, 2012
2:00 P.M.

CALL TO ORDER

Time: 2:00 pm

ROLL CALL

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

Absent: None.

PLEDGE OF ALLEGIANCE

Led by Boardmember Farrales.

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 November 13, 2012.

Motion- Boardmember Scannell/Second- Boardmember Addiego: to approve the Minutes of the Regular Meeting of November 13, 2012. Unanimously approved by voice vote.

2. Discussion item on Proposition 1A implications of County Controller's methodology for allocating Redevelopment Property Tax Trust Fund (RPTTF) Proceeds.

Boardmember Christensen introduced the item as she had requested that it be brought for discussion before the Board. She focused the discussion on the Proposition 1A implications of the County Controller's methodology for allocating RPTTF funding. The AB26 methodology for calculating payments to taxing entities contemplates that the County Auditor pay enforceable obligations and administration fees for the Successor Agency and then take the residual and apply the pool of AB8 factors against it. Pass-through Agreements that were more than the amount would be cut back to the AB8 amount. If the amount was less than the AB8 amount, then less supplemental funding would be distributed. Boardmember Christensen stated that the County is making the calculations exactly how DOF wants it to and she was not suggesting any wrongdoing in this regard. The question posed was whether or not there was a violation of Prop 1A. Prop 1A, which was passed in 2004, established that the legislature cannot alter AB8 shares of taxing entities unless it declared a fiscal emergency by a 2/3 vote in both houses. AB1484, which revised the methodology for calculating pass-through payments, was not passed with a 2/3 vote and there was no fiscal emergency. She stated that the question therefore, was whether or not this was constitutional. Based on the above, Boardmember Christensen suggested organizing a coalition consisting of a couple of oversight boards, city agencies, school districts and college districts to jointly go to legislators and ask them to seek an Attorney General's Opinion on the constitutionality of this item.

Vice Chairperson Porterfield noted she might be conflicted out of taking a position on this matter due to the structure of several of the school districts she represents.

Boardmember Scannell questioned whether the pass-through agreements would be observed or not.

Boardmember Christiansen responded that the calculation method has to maintain the AB8 share that each taxing entity would take of the residual amount. In this County, it is only the County that has pass-through agreements that are above their AB8 factor- thereby changing the pro-rata AB8 share of the residual.

Finance Director Steele stated that if the County is splitting off the remainder after it has already made the pass-throughs without capping any one entity's total receipts at what its AB8 factor is, then it is getting more than what its AB8 factor is. It would be receiving its pass-throughs, plus its AB8 share.

Boardmember Scannell noted that the pass-through is the obligation of the RDA.

Boardmember Christensen agreed, but questioned the constitutionality of it.

Boardmember Scannell noted that the Controller is doing what the State is instructing it to do. He stated that although there were two ways to interpret the law, he believed it was being applied fairly.

Counsel Roush stated that there was already a working group of oversight board legal counsel considering the matter. The attorney group contemplated seeking an Attorney General's Opinion, but was reluctant to pursue one since the Attorney General's Office advises the Department of Finance. He opined it might be better to seek a legislative clarification or litigate the matter.

Boardmember Addiego thanked Boardmember Christensen for bringing the issue to his attention. He did not feel as though he was in a position to determine whether a coalition was necessary; however, he planned to bring the issue to his Council for discussion.

Boardmembers further discussed the matter and determined that based upon their varying representations, a coalition amongst themselves was not advisable at this time. Boardmembers planned to discuss the issue with their respective agencies, and determined to drop this item from further discussion.

3.
 - a) Discussion of the State of California Department of Finance (DOF) response to the Chairman of the Oversight Board's letter requesting guidance on unfunded pension and retirement health liabilities (unfunded liabilities) being an enforceable obligation of the Successor Agency (SA) of the South San Francisco Redevelopment Agency (RDA).
 - b) Possible Oversight Board (OB) direction to staff on developing a request to include unfunded liabilities on a subsequent Recognized Obligations Payment Schedule (ROPS).

Boardmember Cullen addressed the Board regarding the response he received from DOF pertaining to his request for guidance on unfunded pension and retirement health liabilities. He stated that based on the response, he believed it was up to the Board to decide how it would proceed with respect to this matter.

Boardmember Christensen advised that in Redwood City staff had developed a methodology for calculating unfunded pension liability, which yielded a figure of \$1.9 million. CalPERS recalculated the percentage of positions and the expected liability dropped to less than \$800 thousand. She questioned whether South San Francisco staff had approached CalPERS for this calculation.

Finance Director Steele stated there would have to be some Board determination on which City employees would be included in the calculation before CalPERS could be approached.

Boardmembers recalled the list South San Francisco staff had provided in an initial ROPS discussion, which included police officers, electrical technicians, engineering staff and street maintenance workers, among others. Boardmembers requested more information regarding the RDA nexus to make a determination on the RDA function of these employees.

Finance Director Steele responded that staff could prepare a report identifying the employees that served RDA functions and explaining the service and charge to the RDA. He would provide percentage of time spent on RDA matters where needed. Once this list is presented to the Board at a future meeting and the Board selects a group of employees to include in the analysis, then he would approach CalPERS regarding the PERS cost. He reminded the Board that the Other Post Employment Benefits (“OPEB”) cost would still need to be addressed. He was hopeful that the OPEB calculation would become better defined once the full time employee matter was more definitive.

4. Discussion and direction related to Reorganization of the Oversight Board.

Motion- Boardmember Christensen/Second- Boardmember Addiego- to set reorganization date for the Oversight Board Chair and Vice Chair for discussion and approval annually in June to take effect on July 1. Unanimously approved by voice vote.

5. Closed Session:
Real Property Negotiations
(Pursuant to Government Code Section 54956.8)
Related to: 1 Chestnut Avenue
Negotiating Parties: Oversight Board and Successor Agency for the former South San Francisco Redevelopment Agency and Red Cart Market Inc., dba Pet Club Stores.
Agency Negotiator: Marty VanDuyn.
Red Cart Market Inc., dba Pet Club Stores Negotiator: Vic Catanzaro.

Item not heard.

6. Resolution No. 10-2012 approving the Lease between the South San Francisco Successor Agency and Pet Club for the property located at One Chestnut Avenue in South San Francisco.

Motion- Boardmember Scannell/ Second- Board member Beaudin: to approve Resolution No. 10-2012. Unanimously approved by voice vote.

7. Future Agenda Items.
 - a) Property Disposition Plan.

Boardmembers determined to maintain this matter as a future agenda item. The discussion and determination related to unfunded Pension and OPEB liability was also added to the list of Future Agenda items.

8. Closed Session:
Conference with Legal Counsel - Existing Litigation
(Pursuant to Government Code 54956.9(a))
Metwally v. South San Francisco Successor Agency.

Closed Session opened: 2:53 p.m.
Open Session resumed: 3:05 p.m.

Boardmember Scannell was excused from the meeting at this time.

Report out of Closed Session: Counsel Roush advised that the Board met in closed session to discuss the closed session item identified on the Agenda. As a result of that discussion, the Board determined it would like to add an urgency item to the Agenda. Specifically, Counsel for the Oversight Board and the Successor Agency requested that the Oversight Board add an item to the agenda to consider a Resolution approving a Settlement Agreement with Dalal Metwally, Omar and Bassamat Bahnasy, the City and the Successor Agency. Counsel Roush explained that the need for the item arose after the Agenda was posted and action on the item was necessary before the Board met again in regular session.

Motion– Boardmember Addiego/ Second– Boardmember Christensen: to add consideration of a Resolution approving a Settlement Agreement with Dalal Metwally and Omar and Bassamat Bahnasy to the present Agenda for consideration as an urgency item. Approved by the following vote: AYES: Boardmembers Addiego, Beaudin, Christensen and Farrales, Vice Chairperson Porterfield and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Scannell.

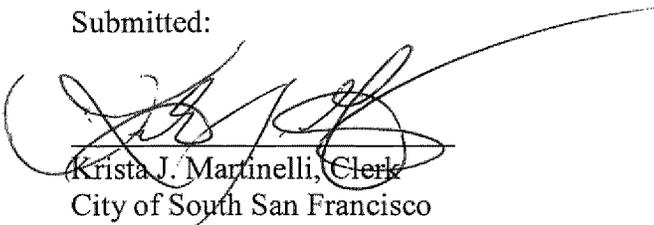
Motion– Boardmember Addiego/Second– Boardmember Farrales: to approve Resolution No. 11-2012. Approved by the following vote: AYES: Boardmembers Addiego, Beaudin, Christensen and Farrales, Vice Chairperson Porterfield and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Scannell.

ADJOURNMENT

Motion- Vice Chairperson Porterfield/ Second- Chairperson Cullen: to adjourn the meeting. Unanimously approved by voice vote.

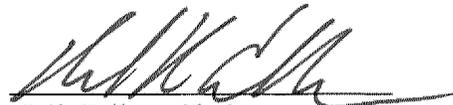
Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 3:07 pm.

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