



REGULAR MEETING

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, JULY 16, 2013
2:00 P.M.

PEOPLE OF SAN MATEO COUNTY

You are invited to offer your suggestions. In order that you may know our method of conducting Board business, we proceed as follows:

The regular meetings of the South San Francisco Oversight Board for the Successor Agency to the City of South San Francisco Redevelopment Agency are held on the third Tuesday of each month at 2:00 p.m. in the in the Large Conference Room, Top Floor at City Hall, 400 Grand Avenue, South San Francisco, California.

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item, and is distributed less than 72 hours prior to a regular meeting will be made available for public inspection in the City Clerk's Office located at City Hall. If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda. The address of City Hall is 400 Grand Avenue, South San Francisco, California 94080.

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the South San Francisco City Clerk's Office at (650) 877-8518. Notification 48 hours in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Chairperson:

Neil Cullen

Selected by:

Largest Special District of the type in H&R
Code Section 34188

Vice Chair:

Patti Ernsberger
Assistant Superintendent, Business Services
South San Francisco Unified School District
Alternate: Alejandro Hogan
Superintendent, South San Francisco Unified School District

Selected by:

San Mateo County Superintendent of Schools

Board Members:

Mark Addiego
Councilmember, City of South San Francisco
Alternate: Barry Nagel
City Manager, City of South San Francisco

Gerry Beaudin
Principal Planner, City of South San Francisco

Barbara Christensen
Director of Community/Government Relations,
San Mateo County Community College District

Reyna Farrales
Deputy County Manager, San Mateo County

Paul Scannell

Selected by:

Mayor of the City of South San Francisco

Mayor of the City of South San Francisco

Chancellor of California Community College

San Mateo County Board of Supervisors

San Mateo County Board of Supervisors
(Public Member)

Counsel

Craig Labadie

Advisory:

Marty Van Duyn – Assistant City Manager, City of South San Francisco
Jim Steele – Finance Director, City of South San Francisco
Steve Mattas – City Attorney, City of South San Francisco
Krista Martinelli – City Clerk, City of South San Francisco
Armando Sanchez – Redevelopment Consultant, City of South San Francisco

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE
AGENDA REVIEW
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.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Regular Meeting of May 21, 2013.
2. Correspondence:
5.13.13 Letter from San Mateo County Superintendent of Schools designating appointment status on the South San Francisco Oversight Board
6.10.13 Letter from Sitike Counseling Center requesting lease renewal.
3. Discussion regarding postponement of reorganization of the Board to August or September due to Boardmembers' scheduling conflicts.
4. Resolution approving a Loan Agreement in the Amount of \$7,624.15 with the City of South San Francisco to allow the Successor Agency to make a Non-Housing Recognized Obligation Payment for expenses that exceeded what was shown on ROPS I and were incurred during ROPS II.
5. Updates on bond call escrow account and Oyster Point Development escrow account.
6. Future Agenda Items.
 - a) Long Range Property Management Plan.
 - b) Transmittal of Actuarial Analysis of Former Redevelopment Agency unfunded liabilities for pension and retiree health care obligations and resolution adding these costs to the Successor Agency's enforceable obligations.
 - c) Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.
 - d) County and Sitike Counseling Center Leases for 306 Spruce Avenue.
 - e) Reorganization of the Board.

ADJOURNMENT



REGULAR MEETING MINUTES

DRAFT

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, MAY 21, 2013
2:00 P.M.

CALL TO ORDER

Time: 2:00 p.m.

ROLL CALL

Present: Boardmembers Beaudin, Christensen and
Scannell, Alternate Boardmember Nagel and
Chairperson Cullen.

Absent: Boardmember Farrales and Vice Chairperson
Porterfield.

PLEDGE OF ALLEGIANCE

Led by Boardmember Christensen.

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 Special Meeting of April 16, 2013.

Motion— Boardmember Scannell/Second— Boardmember Christensen: to approve the Minutes of the Special Meeting of April 16, 2013 with revisions. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen and Scannell, Alternate Boardmember Nagel and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Farrales and Vice Chairperson Porterfield.

2. Resolution No. 13-2013 ratifying an executed Escrow Deposit and Trust Agreement with the Bank of New York Mellon Trust Company, to provide a trust vehicle for funding the Successor Agency's enforceable obligations pursuant to a Disposition and Development Agreement with Oyster Point Ventures, LLC, and making related findings pursuant to Health and Safety Code Section 34181(E).

Finance Director Steele presented the staff report recommending approval of a Resolution ratifying an executed Escrow Deposit and Trust Agreement with the Bank of New York Mellon Trust Company, to provide a trust vehicle for funding the Successor Agency's enforceable obligations pursuant to a Disposition and Development Agreement ("DDA") with Oyster Point Ventures, LLC, and making related findings pursuant to the California Health and Safety Code. On May 8, 2012 the Board approved the January through June 2012 Recognized Obligations Payment Schedule ("ROPS I"), which included a line item authorizing \$6 million in initial set aside funding for a reserve to support the \$29,463,230 obligation of the former Redevelopment Agency to provide payment for certain infrastructure improvements as outlined in the DDA, dated March 23, 2011. If the project ultimately goes forward it would result in upwards of \$12 million/year in additional property tax revenue to the taxing entities. The project would transform underutilized vacant properties to a Biotech Campus in a prime real estate location on Oyster Point. Pursuant to ROPS I, the funding was set aside internally via a segregated escrow and trust account with Bank of New York Mellon Trust Company. The California State Department of Finance ("DOF") has requested a resolution from the Board ratifying this Escrow Deposit and Trust Agreement and making certain findings. Accordingly, staff recommended approval of the proposed resolution.

Boardmember Scannell queried progress on the development.

Assistant City Manager and Director of Economic and Community Development Van Duyn advised there was no indication that the project was underway at this point.

City Attorney Mattas added that the entities behind the project, SKS Development and the Shorenstein Company were highly capitalized and would likely pursue the project when market confidence intensifies.

Boardmembers questioned the relevance of the King Leases to the project and their impact on the payment structure.

City Attorney Mattas advised that the City owned the property at the harbor. As part of the deal it

was proposed the City would sell the property to the Redevelopment Agency, which would in turn sell it to Oyster Point Ventures for an amount close to \$4.5 million, which would then be paid back to the City for the initial sale of the property to the Agency. He further explained the long term King's Leases sit on top of the property and were entered years ago between the City and a Developer who had intended to build hotels on the property. The hotels had not come to fruition, but the leases remain. To clear title on the property, Oyster Point Ventures purchased the King's Leases with the agreement that the Redevelopment Agency would purchase them back if the project did not move forward. Now that the Agency is dissolved, the Successor Agency would have the right to purchase the Leases subject to Board approval.

Boardmember Christensen queried how much Oyster Point Ventures had already invested in the Development and whether entitlement work had begun.

City Attorney Mattas advised Oyster Point Ventures had purchased and is operating adjacent property and also had the previously discussed leasehold interest on the subject property. He further advised the project was fully entitled and was being marketed entirely for sale and/or entirely for lease.

Motion— Boardmember Christensen/Second— Boardmember Scannell: to approve Resolution No. 13-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen and Scannell, Alternate Boardmember Nagel and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Farrales and Vice Chairperson Porterfield

3. Future Agenda Items.
 - a) Reorganization of the Board (June Regular Meeting).
 - b) Long Range Property Management Plan.
 - c) Employee Staffing Report.

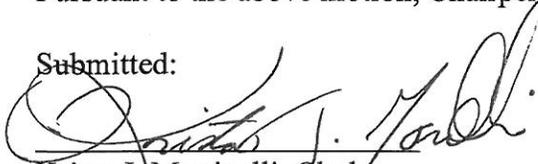
Chairperson Cullen directed that the following Future Agenda Item be added to the list: Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.

ADJOURNMENT

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

Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 2:30 p.m.

Submitted:

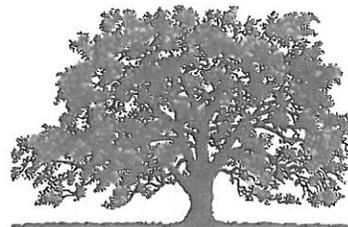


Krista J. Martinelli, Clerk
City of South San Francisco

Approved:

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

Sitike Counseling Center
Substance Abuse Treatment Services



June 10, 2013

Oversight Board for the
Successor Agency to the City of South San Francisco Redevelopment
Agency
P.O. Box 711
South San Francisco, CA 94080

Dear Oversight Committee,

I am writing to express our desire to renew, as is, our current lease. The Oversight Committee approved a one - year lease with Sitike Counseling Center, which will expire on September 1, 2013.

Sitike Counseling Center is very interested in staying in our location and continuing to serve the community.

We are hoping that the current lease will be renewed with the same terms and conditions.

Thank you,

Rhonda Ceccato
Executive Director



SAN MATEO COUNTY OFFICE OF EDUCATION

Anne E. Campbell, County Superintendent of Schools

May 13, 2013

Barry Nagel, City Manager
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Dear Mr. Nagel,

As San Mateo County Superintendent of Schools, I have the responsibility for appointing a member to the Oversight Board of the Successor Agency of the City of South San Francisco Redevelopment Agency. This letter will serve as notice that I have appointed Patricia Ernsberger to be my representative on the Oversight Board in place of Denise Porterfield. In addition, I have appointed Alejandro Hogan to serve as alternate should Ms. Ernsberger be unable to attend a meeting. Ms. Ernsberger's and Mr. Hogan's contact information is as follows:

Appointee: Ms. Patricia Ernsberger, Assistant Superintendent, Business Svcs
South San Francisco Unified School District
398 B Street
South San Francisco CA 94080
pernsberger@ssfusd.org
650 877-8702

Alternate: Mr. Alejandro Hogan, Superintendent
South San Francisco Unified School District
398 B Street
South San Francisco CA 94080
ahogan@ssfusd.org
650 877-8705

Please let me know if my office can provide you with any other information or assistance.

Very truly yours,

Anne E. Campbell
San Mateo County Superintendent of Schools

c: Ms. Patricia Ernsberger, Assistant Superintendent, SSF Unified School District
Mr. Alejandro Hogan, Superintendent, SSF Unified School District
Ms. Denise Porterfield, Deputy Superintendent, San Mateo County Office of Education
Mr. Kanchan Charan, Deputy Controller, County of San Mateo
Mr. John Beiers, County Counsel, County of San Mateo
Mr. Pedro Gonzalez, Mayor, City of South San Francisco



Redevelopment Successor Agency Oversight Board Staff Report

DATE: July 16, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Director of Finance

SUBJECT: LOAN AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF SOUTH SAN FRANCISCO FOR PAYMENT OF AN ENFORCEABLE OBLIGATION

RECOMMENDATION

It is recommended that the Oversight Board approve the attached resolution which approves a loan agreement in the total amount of \$7,624.15 between the City and the Successor Agency to the Redevelopment Agency of South San Francisco (SA) for an enforceable obligation of the Successor Agency (SA).

BACKGROUND/DISCUSSION

The SA and Oversight Board have approved several enforceable obligations which, due to the timing of the payments, did not coincide with the Recognized Obligations Payment Schedules (ROPS) for their payments. This latest loan agreement covers \$7,624.15 to fund a former Redevelopment enforceable obligation shown as Row 74 on ROPS I (payoff of COPS loan), but was incurred during ROPS II and was incurred at a higher cost than approved via ROPS I. The City Council and SA approved this loan agreement May 22, 2013.

FISCAL IMPACT

The loan agreement totals \$7,624.15 and funds had to be advanced from the City to the SA to pay this Successor Agency obligation. If the State Department of Finance (DOF) approves the loan agreement on the next-submitted ROPS as an enforceable obligation of the SA, staff expects that the loan will be fully repaid in early 2014.

CONCLUSION

The attached loan agreement obligates the SA to pay the City back for funds the City had to advance to the SA to make a ROPS payment that exceeded the amount approved on ROPS I, and was expended in a different ROPS time period (ROPS II) than where it had been listed (ROPS I).

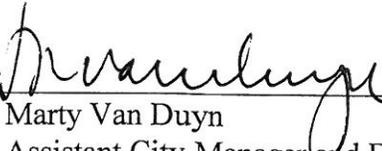
Staff Report

Subject: Loan Agreement Between the City of South San Francisco and the Successor Agency to the
Redevelopment Agency of South San Francisco for Payment of an Enforceable Obligation

Page 2

By: 

Jim Steele
Finance Director

Approved: 

Marty Van Duyn
Assistant City Manager and Director of
Economic and Community Development

Attachments: Resolution
Loan Agreement

KR/JS/MVD:ed

RESOLUTION NO. _____

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

**APPROVING A LOAN AGREEMENT IN THE AMOUNT OF \$7,624.15 BETWEEN THE
CITY OF SOUTH SAN FRANCISCO AND THE SUCCESSOR AGENCY TO ALLOW
THE SUCCESSOR AGENCY TO MAKE A NON-HOUSING RECOGNIZED
OBLIGATION PAYMENT FOR EXPENSES THAT EXCEEDED WHAT WAS SHOWN
ON ROPS I AND WERE INCURRED DURING ROPS II**

WHEREAS, pursuant to Health and Safety Code Section 34177(l), before each six-month fiscal period, the Successor Agency to a dissolved Redevelopment Agency is required to adopt a draft Recognized Obligation Payment Schedule (“ROPS”) that lists all of the obligations that are “enforceable obligations” within the meaning of Health and Safety Code Section 34177; and

WHEREAS, each ROPS must be approved by the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco (“Successor Agency”) and by the State Department of Finance in order for payment of listed obligations to be made; and

WHEREAS, the timing and size of payment of an item identified and approved as an enforceable obligation on ROPS I did not coincide with the amount and payment date listed on that ROPS; and

WHEREAS, timely payment of an enforceable obligations of the Successor Agency was deemed essential and could not await approval of a ROPS submitted for the next six-month fiscal period; and

WHEREAS, the Successor Agency had no other source of funding to make this payment for the enforceable obligation on its own; and

WHEREAS, the City of South San Francisco (“City”) therefore advanced, or is willing to advance, funds for the payment of said enforceable obligation; and

WHEREAS, Health and Safety Code Section 34173(h) authorizes loans between the City and the Successor Agency for the purpose of funding enforceable obligations for which there are insufficient funds in the Real Property Tax Trust Fund; and

WHEREAS, Health and Safety Code Section 34173(h) further provides that a new enforceable obligation shall be created for the repayment of each such loan, provided that the receipt and use of the loan funds is reflected on a ROPS approved by the Oversight Board for the Successor Agency and submitted to the State Department of Finance for its review and approval; and

WHEREAS, pursuant to Health and Safety Code Section 34180(h) the Oversight Board may approve a request by the Successor Agency to enter into an agreement with the City; and

WHEREAS, City and Successor Agency staff have negotiated a loan agreement covering the enforceable obligation for which there are insufficient funds available for timely payment by the Successor Agency; and

WHEREAS, funds are available to be loaned by the City for such purpose, and the loan agreement does not violate the City's debt limit under the California Constitution.

NOW, THEREFORE, the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of South San Francisco, a public entity, does hereby resolve as follows:

1. The Recitals set forth above are true and correct, and are incorporated herein by reference.

2. The loan agreement, substantially in the form attached hereto, is hereby approved, and the Assistant City Manager is hereby authorized to execute it on behalf of the Successor Agency and to take such other and further action as necessary and appropriate to implement the intent of this Resolution.

3. The loan agreement, which along with the supporting calculations and references to prior ROPS is attached to this Resolution and hereby incorporated herein, is for \$7,624.15 to fund a former Redevelopment Agency enforceable obligation shown on ROPS I, but which was incurred during the time period for ROPS II and exceeded the amount approved on ROPS I.

4. The Successor Agency is directed to include this loan agreement on the next ROPS and to submit it, along with such supporting documentation and other information as necessary and appropriate, to the Oversight Board, the State Department of Finance and other applicable agencies.

PASSED AND ADOPTED this 16th day of July, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

City Clerk

Exhibit A - Detail of \$7,624.15 Loan Agreement Calculation

Estimate of HUD and COPS Loan Payoffs as approved on ROPS I

Detail	Project Name / Debt Obligation	Payee	Estimated Loan Payoff Amount	Additional Notes
ROPS I , Row 74	Prepay HUD 108 Loans&1999 COPS	Bank of New York	5,300,000.00	Estimate of payoff HUD 108&1999 COPs debt service shown on Rows 2, 3, 6 & 7 on ROPS I

Actual Amount of HUD and COPS Loan Payoffs

Detail	HUD Actual Payoff	COPS Actual Payoff	Total HUD and COPS Payoff	Additional Notes
Amounts used to make loan payoffs from FY 11-12 Reserves held by Successor Agency	1,094,181.10	4,122,462.82	5,216,643.92	Wired to the bank from Successor Agency Reserves
Amounts used to make loan payoffs from FY 11-12 Cash with Fiscal Agent held by Bank	0.00	407,517.20	407,517.20	Bank held Reserve
Subtotal of above Payoffs using 11-12 Reserves and Cash with Fiscal Agent	1,094,181.10	4,529,980.02	5,624,161.12	Difference between \$5,624,161.12 subtotal and \$5,300,000 estimate shown on ROPS I is \$324,161.12. This amount was requested to be retained by the Agency via the Other Funding DDR process which was approved by the State DOF on 5/15/13.
<i>Amounts used to make loan payoffs from FY 12-13 Cash with Fiscal Agent held by Bank</i>	<i>0.00</i>	<i>7,624.15</i>	<i>7,624.15</i>	<i>Bank held Reserve</i>
Total of above Payoffs using both FY 11-12 and FY 12-13 Resources	1,094,181.10	4,537,604.17	5,631,785.27	Difference between \$5,631,785.27 total loan payoff and \$5,624,161.12 approved by State via Other Funding DDR for loan payoff is \$7,724.15 which makes up this new loan agreement.

LOAN AGREEMENT BETWEEN THE CITY OF SOUTH SAN FRANCISCO AND THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SOUTH
SAN FRANCISCO

This Loan Agreement (Agreement) is entered into as of July 16, 2013 (“Effective Date”), by and between the City of South San Francisco, a municipal corporation (“City”) and the Successor Agency to the Redevelopment Agency of the City of South San Francisco, a public entity (“Successor Agency”). City and the Successor Agency are hereinafter collectively referred to as the “Parties”.

RECITALS

WHEREAS, the Redevelopment Agency of the City of South San Francisco (“Redevelopment Agency”) was established under the provisions of the Community Redevelopment Law (California Health and Safety Code § 33000 *et seq.*) (“CRL”); and

WHEREAS, effective June 30, 2011, the Governor signed into law ABx1 26 which automatically suspended redevelopment activities, and on December 29, 2011, the California State Supreme Court upheld the provisions of ABx1 26, thereby dissolving all redevelopment agencies on February 1, 2012; and

WHEREAS, ABx1 26 was modified by AB 1484, effective as of July 27, 2012, which together with ABx1 26 is referred to herein as the “Dissolution Law”; and

WHEREAS, as a result of the dissolution of the former Redevelopment Agency, the Successor Agency is now administering the daily operations of the former Redevelopment Agency; and

WHEREAS, Health and Safety Code § 34171(d)(1)(E) provides that any legally binding and enforceable contract that is not otherwise void as violating the debt limit or public policy constitutes an enforceable obligation authorized for payment from the Real Property Tax Trust Fund (“RPTTF”) established pursuant to the Dissolution Law; and

WHEREAS, Health and Safety Code § 34171(d)(1)(F) provides that contracts or agreements necessary for the administration or operation of a successor agency constitute enforceable obligations authorized for payment from the RPTTF; and

WHEREAS, enforceable obligations must be listed on a Recognized Obligation Payment Schedule (“ROPS”) and approved for payment by a successor agency’s oversight board and the California Department of Finance (“DOF”) in order for funds to be received therefore; and

WHEREAS, an enforceable obligation pursuant to Health and Safety Code §§ 34171(d)(1) (E) and 34171(d)(1)(F) was listed on the ROPS for the period January-June 2012 (“ROPS I”) as line item 74, in the total amount of \$5.3 million, and the State Department of Finance authorized an additional \$324,161.12 toward this obligation in the May 15, 2013 Other Funds Due Diligence Review Determination letter, but the final payment exceeded the authorized amount of \$5,624,161.12 by Seven Thousand Six Hundred Twenty Four Dollars and Fifteen Cents (\$7,624.15) (“Non-Housing Obligation”), and the payment was completed during July-December 2012 (ROPS II); and

WHEREAS, accordingly, the City advanced funds for the payment of the Non-Housing Obligation upon the Successor Agency’s receipt of invoices therefore; and

WHEREAS, at present there are insufficient funds in the RPTTF to permit repayment of the Non-Housing Obligation by the Successor Agency; and

WHEREAS, Health and Safety Code § 34173(h) authorizes a loan between a city and the successor agency to the city’s redevelopment agency for the purpose of funding enforceable obligations for which there are insufficient funds in the RPTTF; and

WHEREAS, Health and Safety Code § 34173(h) further provides that a new enforceable obligation shall be created for the repayment of such a loan, provided that the receipt and use of the loan funds is reflected on a ROPS approved by the oversight board for the successor agency and submitted to the DOF for its review and approval; and

WHEREAS, pursuant to Health and Safety Code § 34180(h), an oversight board may approve a request by a successor agency to enter into an agreement with a city; and

WHEREAS, the City and Successor Agency wish to enter into a loan agreement in the principal amount of Seven Thousand Six Hundred Twenty Four Dollars and Fifteen Cents (\$7,624.15) for the purpose of enabling the Successor Agency to pay the Non-Housing Obligation; and

WHEREAS, on May 22, 2013 the Successor Agency and the City each approved the Loan and authorized the execution of this Agreement, pursuant to Resolution No. 8-2013 and Resolution No. 46-2013, respectively; and

WHEREAS, on July 16, 2013 the Oversight Board for the Successor Agency approved the Successor Agency’s request to enter into this Agreement, pursuant to Resolution No. _____.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement agree as follows:

**ARTICLE 1
LOAN TERMS**

1.1 Loan.

(a) Loan Amount. City agrees to lend to Successor Agency, and Successor Agency agrees to borrow from and repay to City, a Loan in the principal amount of not to exceed Seven Thousand Six Hundred Twenty Four Dollars and Fifteen Cents (\$7,624.15).

(b) Maturity Date. The total outstanding Loan principal is due and payable by March 31, 2014.

1.2 Prepayment. Successor Agency may prepay the Loan, in whole or in part, at any time, without penalty or other charge.

1.3 Payment. The outstanding principal of the Loan is due and payable on the Maturity Date.

1.4 Security for the Loan. As security for the repayment of the Loan, the Successor Agency hereby pledges certain Unrestricted Revenues (defined below) (“Pledged Revenues”) that are received, accrued or held by the Successor Agency and are provided within or attributable to fiscal year 2012-13, and the principal of the Loan constitutes a first lien and charge on the Pledged

Revenues, and is payable from the first moneys received by the Successor Agency from the Pledged Revenues.

The term “Unrestricted Revenues” means property taxes assessed and levied by San Mateo County on behalf of the Successor Agency allocated to the Successor Agency in accordance with the Dissolution Law, together with any other income, revenue, cash receipts and any other moneys of the Successor Agency lawfully available for repayment of the Loan.

**ARTICLE 2
DISBURSEMENT AND ACCOUNTING; USE OF FUNDS**

2.1 Disbursement. Loan proceeds may be disbursed to the Successor Agency in accordance with this Agreement upon approval of drawdown requests executed by the City Finance Director.

2.2 Use of Loan Proceeds. Successor Agency may use proceeds of the Loan exclusively for meeting the Non-Housing Obligation as described herein.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 Authority. Successor Agency warrants that it has authority, and has completed (or will complete, as applicable) all proceedings and obtain all approvals necessary to execute, deliver, and perform under this Agreement and the transactions contemplated thereby.

3.2 Valid and Binding Obligations. Successor Agency warrants that, when duly executed by the Successor Agency, this Agreement shall constitute the legal, valid and binding obligations of Successor Agency enforceable in accordance with their respective terms. Successor Agency hereby waives any defense to the enforcement of the terms of this Agreement related to alleged invalidity of any provisions or conditions contained in this Agreement.

3.3 No Adverse Action. Successor Agency warrants that there is no action, suit or proceeding pending or threatened against it which might adversely affect the Successor Agency with respect to this Agreement.

**ARTICLE 4
SUCCESSOR AGENCY COVENANTS**

4.1 Notification. Until the Loan is repaid in full, Successor Agency covenants that it will promptly notify City in writing of the occurrence of any event that might materially and adversely affect its ability to perform its obligations under this Agreement, or that constitutes, or with the giving of notice or passage of time or both would constitute, an Event of Default under this Agreement.

4.2 Legal Compliance. Successor Agency covenants that this Agreement does not violate the Constitutional debt limitation for municipal governments set forth in Article XVI, Section 18 of the California Constitution.

**ARTICLE 5
INDEMNITY REQUIREMENTS**

5.1 Indemnity. Successor Agency and City shall each defend, hold harmless and indemnify the other, its officers, employees and agents from and against all claims, liability, cost, expenses, loss or damages of any nature whatsoever, including reasonable attorneys’ fees, arising out of or in any way connected with its failure to perform its covenants and obligations under this Agreement and

any of its operations or activities related thereto, excluding the willful misconduct or the gross negligence of the person or entity seeking to be defended, indemnified, or held harmless.

ARTICLE 6 DEFAULT AND REMEDIES

6.1 Events of Default. Each of the following events will constitute an event of default (“Event of Default”) under this Agreement:

- (a) Nonpayment. Successor Agency’s failure to repay the Loan pursuant to Article 1 hereof.
- (b) Failure to Perform. Successor Agency’s failure, neglect or refusal to perform any promise, agreement, covenant or obligation contained in this Agreement, after any applicable cure periods.

6.2 Declaring Default. Whenever any Event of Default has occurred, other than a failure to pay any sums due, City shall give written notice of default to Successor Agency. If the default is not cured within thirty (30) calendar days after the Date of Default (defined herein), or any extension approved in writing by City, City may enforce its rights and remedies under Section 6.3 below. Any default that has occurred shall be deemed to commence on the date that written notice of default is effective pursuant to Section 7.2 of this Agreement (“Date of Default”). In the event of a default in the payment of any installment payment when due, Successor Agency shall have ten (10) calendar days from the payment due date to cure such default, whether or not City gives written notice.

6.3 Remedies. Upon the occurrence of any Event of Default, City, in addition to any other remedies provided herein or by law, shall have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) declare that outstanding balance of the Loan and all other sums owing to City under this Agreement immediately due and payable, and
- (b) take whatever other action at law or in equity which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

6.4 Default Interest. Commencing on the Date of Default and continuing through the date that all indebtedness and other amounts payable under this Agreement are paid in full; interest on the Loan will accrue on the outstanding balance, at the rate equal to LAIF plus one percent (1%).

6.5 Disclaimer. If City elects to employ any of the remedies available to it in connection with any Event of Default, City will not be liable for: (1) the payment of any expenses incurred in connection with the exercise of any remedy available to City, and (2) the performance or nonperformance of any other obligations of Successor Agency.

ARTICLE 7 MISCELLANEOUS

7.1 Conflict of Interest; Interest of Employees, Agents, Consultants, Officers and Officials of City or Successor Agency. Except for approved eligible administrative or personnel costs, no employee, agent or consultant who is in a position to participate in a decision-making process or gain inside information with regard to such activities assisted under this Agreement, may obtain a

personal or financial interest in or benefit from the activities assisted under this Agreement, or have an interest, direct or indirect, in any contract, subcontract or agreement with respect thereto, or in the proceeds there under either for him/herself or for those with whom s/he has family or business ties, during his/her tenure and for one year thereafter.

7.2 Notices. Any notice, request or consent required pursuant to this Agreement shall be deemed given when delivered personally or three (3) business days after being deposited in the U.S. mail, addressed as follows:

If to Successor Agency:
Successor Agency to the Redevelopment
Agency of South San Francisco
P. O. Box 711
South San Francisco, CA 94083
Attention: Assistant City Manager

If to City:
City of South San Francisco
P.O. Box 711
South San Francisco, CA 94083
Attention: City Manager

With copy to Oversight Board for the
Successor Agency to the Redevelopment
Agency of the City of South San Francisco

or to such other addresses as the Parties may designate by notice as set forth above.

7.3 Successors and Assigns. All of the terms of this Agreement shall apply to and be binding upon, and inure to the benefit of, the successors and permitted assigns of City and Successor Agency, respectively.

7.4 Attorneys' Fees. If any action is instituted by either Party to enforce this Agreement or to collect any sums due hereunder or pursuant to this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorneys' fees as awarded by the court in that action.

7.5 Severability. If one or more provisions of this Agreement are found invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remaining provisions shall not in any way be affected, prejudiced, disturbed or impaired thereby, and all other provisions of this Agreement shall remain in full force and effect.

7.6 Amendments/Entire Agreement. City and Successor Agency reserve the right to amend this Agreement by mutual consent. It is mutually understood and agreed that no amendment, modification, alternation or variation of the terms of this Agreement shall be valid unless in writing and signed and acknowledged and approved by both parties. This Agreement constitutes the entire agreement of the Parties and no oral understandings or agreement not incorporated herein shall be binding on either Party.

7.7 Time. Time is of the essence in the performance of the terms and conditions of this Agreement.

7.8 Governing Law. The laws of the State of California govern this Agreement.

7.9 City's Rights and Consent. No forbearance, failure or delay by City in exercising any right, power, or remedy, nor any single or partial exercise of City or any right or remedy hereunder shall preclude the further exercise of such right, power or remedy. The consent of City to any act or omission by Successor Agency may not be construed as City consent to any other or subsequent

act or omission or as a waiver of the requirement to obtain City consent in any other instance. All of City's rights, powers and remedies are cumulative and shall continue in full force and effect until specifically waived in writing by the City.

7.10 Duration/Survival. This Agreement continues in full force and effect until the Loan is repaid in full.

7.11 Headings. The headings within this Agreement are for the purpose of reference only and do not limit or otherwise affect any of the terms of this Agreement.

7.12 Counterparts, Facsimile Copies. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same agreement. This Agreement is effective upon transmission by either Party to the other Party of a fully signed facsimile copy of the Agreement after the formal approval by the governing body of the Successor Agency and the City Council. In case of any conflict, the counterpart maintained by the City Council will be deemed to be determinative.

IN WITNESS WHEREOF, City and the Successor Agency have executed this Agreement as of the date first above written.

City of South San Francisco

**Successor Agency to the Redevelopment
Agency of the City of South San Francisco**

By: _____
Barry M. Nagel, City Manager

By: _____
Marty Van Duyn, Assistant City Manager

Attest:

Krista J. Martinelli, City Clerk

Krista J. Martinelli, Secretary

Approved as to Form:

Steven T. Mattas, City Attorney

Steven T. Mattas, Agency Counsel

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2078801.1



Redevelopment Successor Agency Oversight Board Staff Report

DATE: July 16, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Finance Director

SUBJECT: UPDATE ON 2006 RDA BOND ESCROW AND OYSTER POINT VENTURES
ESCROW ACCOUNTS FUNDING STATUS

This staff report is being provided to the Board for information only, no action is required.

The Board may recall that the Successor Agency currently has two escrow accounts being funded. The first is to set aside dollars to call the 2006 RDA Bonds on 9/1/16, the first call date. The second is to set aside dollars for the former RDA's obligations under a Development Agreement with Oyster Point Ventures.

2006 Bond Escrow Account:

As of June 30, 2013, a total of \$54.3 million is deposited in an escrow account with Bank of New York. It is invested in U.S. Treasury securities maturing in August 2016. A copy of the June 30 bank statement is attached. A total of \$58.175 million will be required to call the bonds in full on September 1, 2016. There are now sufficient funds in this escrow account, plus the bond reserve account, to call the bonds. Other than regular debt service payments through March 2016, therefore, which the Successor Agency would have otherwise been required to pay, no additional dollars are estimated to be needed in this escrow account to call the bonds in 2016, the first eligible call date.

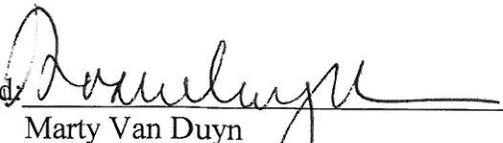
Oyster Point Ventures Development Agreement Escrow Account:

The Board may recall that under the terms of the Disposition and Development Agreement (DDA) with Oyster Point Ventures, the former Redevelopment Agency must have available \$18 million for the first phase improvements and a total of \$30 million for the remaining phase improvements. There is no calendar due date for when the funds are required, only that the funds be available when the developer moves forward. As of July 11, 2013, a total of \$15,000,000 has been invested from Successor Agency Redevelopment Property Tax Trust Funds (RPTTF) approved on Recognized Obligations Payment Schedules (ROPS) in U.S. Treasuries. A copy of the bank's internal records is attached (funds were only recently invested, so a full bank's statement won't be available until July 31). The value of the investment is showing at \$15,003,218.76, meaning some of the Treasury investments were bought at a discount and/or had accrued interest earnings on the date of the purchase. As interest continues to accrue, this will reduce the amount the Successor Agency needs to deposit to get to the full \$30 million. The yields to maturity on the purchased investments were .25%, (for two Treasuries maturing in January 2015), and .54% (for a Treasury maturing in January 2016).

Staff Report
Subject: Status of Two Escrow Accounts
Page 2

By: 

Jim Steele
Finance Director

Approved: 

Marty Van Duyn
Assistant City Manager and Director of
Economic and Community Development

Attachments: BNY Mellon June 2013 Account Statement
Banks Internal Records for July 2013

JS/MVD:ed



BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

CITY OF SOUTH SAN FRANCISCO
400 GRAND AVE
SOUTH SAN FRANCISCO CA 94080

Account Statement

Statement Period 06/01/2013 Through 06/30/2013

Account 161932
 SO SAN FRANCISCO ESCROW

RELATIONSHIP MANAGER: FEROZ KORIMBOCUS
 CORPORATE TRUST - 550 KEARNY ST. SUITE 600
 SAN FRANCISCO, CA 94108
 415-263-2401
 FEROZ.R.KORIMBOCUS@BNYMELLON.COM

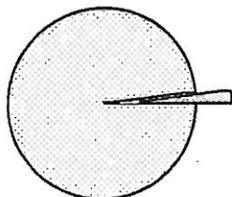
RELATIONSHIP MANAGER: MILLY CANESSA
 CORPORATE TRUST - 100 PINE STREET STE 3100
 SAN FRANCISCO, CA 94111
 415-263-2420
 MILLY.CANESSA@BNYMELLON.COM

BNY Mellon has a team of professionals devoted exclusively to arbitrage compliance services for tax-exempt bond issuers and conduit borrowers. For additional information, please contact your Relationship Manager.

If you are interested in accessing your Account Statement on-line, please contact your Relationship Manager about our web-based INFORM product.

Visit us at www.bnymellon.com

Account Overview



Percent of all Investments	Asset Classification	Market Value
100%	FIXED INCOME	54,317,827.86
<1%	CASH AND SHORT TERM	144.48
100%	TOTAL OF ALL INVESTMENTS	54,317,972.34

Summary of Assets Held

Asset Classification	Market Value	Cost	Accrued Income	Est Annual Income	Market Yield
FIXED INCOME	54,317,827.86	54,557,374.17	14,378.96	43,020.00	0.07%
CASH AND SHORT TERM	144.48	144.48	0.00	0.01	0.00%
ACCOUNT TOTALS	54,317,972.34	54,557,518.65	14,378.96	43,020.01	0.07%

Summary of Cash Transactions

Transaction Category	Current Period			Year-to-Date	
	Income	Principal	Realized Gains/Losses	Income	Principal
OPENING BALANCE	0.00	45.26		0.00	545.26
INTEREST	13,093.04 -	0.00	0.00	13,093.04 -	0.00
SALES AND REDEMPTIONS	0.00	4,374,581.63	0.00	0.00	4,374,581.63
OTHER CASH ADDITIONS	0.00	4,374,680.85	0.00	0.00	4,374,680.85
OTHER CASH RECEIPTS	13,093.04	0.00	0.00	13,093.04	0.00
PAYMENTS AND WITHDRAWALS	0.00	13,093.04 -	0.00	0.00	13,593.04 -
PURCHASES	0.00	8,736,214.70 -	0.00	0.00	8,736,214.70 -
CLOSING BALANCE	0.00	0.00	0.00	0.00	0.00

The above cash transactions summary is provided for information purposes only and may not reflect actual taxable income or deductible expenses as reportable under the Internal Revenue Code.

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BNY MELLON

The Bank of New York Mellon Trust Company, N.A.

Statement Period 06/01/2013 Through 06/30/2013
 Account 161932
 SO SAN FRANCISCO ESCROW

Statement of Assets Held

Shares / Par Value	Asset Description	Market Price Average Cost	Market Value Cost	Accrued Income Est Annual Income	Market Yield
FIXED INCOME					
4,302,000.000	UNITED STATES TREAS NTS DTD 00366 CUSIP: 912828RF9 MATURITY DATE: 08/31/2016 RATE: 1.00% MOODY'S Aaa	100.77300 101.38281	4,335,254.46 4,361,488.59	14,378.96 43,020.00	0.99%
51,154,000.000	U S TREASURY NTS STRIP PRIN PMT STRIPPED PRIN PMT 00300 CUSIP: 912820NM5 MATURITY DATE: 08/15/2016 RATE: 0.00%	97.71000 98.12700	49,982,573.40 50,195,885.58	0.00 0.00	0.00%
Total FIXED INCOME			54,317,827.86 54,557,374.17	14,378.96 43,020.00	0.07%
CASH AND SHORT TERM					
144.480	DREYFUS TREAS&AGENCY CASH MGT 598 PART CUSIP: S99991670	1.00000 1.00000	144.48 144.48	0.00 0.01	0.00%
Total CASH AND SHORT TERM			144.48 144.48	0.00 0.01	0.00%
ACCOUNT TOTALS			54,317,972.34 54,557,518.65	14,378.96 43,020.01	0.07%
Total Market Value Plus Total Accrued Income 54,332,351.30					

Statement of Transactions

Transaction Date	Transaction Description	Income	Principal	Cost	Realized Gains/Losses
06/01/13	OPENING BALANCE	0.00	45.26	50,195,885.58	
06/17/13	Purchase DREYFUS TREAS&AGENCY CASH MGT 598 PART 4,374,680.85 SHARES	0.00	4,374,680.85 -	4,374,680.85	0.00
06/17/13	Cash Credit TRSF FROM 104613 TO 161932. PER CLIENT LETTER DTD JUNE 12, 2013.	0.00	4,374,680.85	0.00	0.00
06/17/13	DAILY ENDING BALANCE	0.00	45.26	54,570,566.43	0.00
06/18/13	Purchase DREYFUS TREAS&AGENCY CASH MGT 598 PART 45.26 SHARES	0.00	45.26 -	45.26	0.00
06/18/13	DAILY ENDING BALANCE	0.00	0.00	54,570,611.69	0.00
06/20/13	Purchase UNITED STATES TREAS NTS RATE: 1.00% MATURITY: 08/31/16 DTD 00366 @ 101.3828125 FINAL MONEY PERSHING & COMPANY TRADE DATE 6/19/13 SET/DATE 6/20/13 CUSIP 912828RF9 4,302,000.00 SHARES	13,093.04 -	4,361,488.59 -	4,361,488.59	0.00
06/20/13	Sale DREYFUS TREAS&AGENCY CASH MGT 598 PART 4,374,581.63 SHARES	0.00	4,374,581.63	4,374,581.63 -	0.00
06/20/13	Cash Credit TRANSFERRED TO ACCOUNT 161932 FF	13,093.04	0.00	0.00	0.00
06/20/13	Cash Debit TRANSFERRED FROM ACCOUNT 161932 FF	0.00	13,093.04 -	0.00	0.00
06/20/13	DAILY ENDING BALANCE	0.00	0.00	54,557,518.65	0.00
06/30/13	CLOSING BALANCE	0.00	0.00	54,557,518.65	0.00

Cumulative realized capital gain and loss position from 12/31/2012 for securities held in principal of account:

0
 4 5696
 m
 1 PD3 s 64 098

Steele, Jim

From: Canessa, Milly P <milly.canessa@bnymellon.com>
Sent: Thursday, July 11, 2013 11:44 AM
To: Steele, Jim
Subject: RE: Wire for \$3.0 million coming tomorrow AM

I had you on my list, to many conference calls. Here you are as you can see the once previously purchased are showing in the account and the third one was purchased today and will show in the account tomorrow but has been purchased today, see second screen. You will have a total of \$694.24 remaining in Money Market.

Have a great day

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1 - Session1 (MVSHSYS)
File Edit Transfer Fonts Options Tools View Window Help
DETAIL LIST OF ASSETS AS OF 07/10/13 FOR ALL
ACCTH 514611 SOUTH SAN FRANCISCO SUCC AGCY ESC UNITS= 15,003,218.76
INC BAL= .00
PRINC BAL= .00
SECH REG CUSIP # TOT UNITS DESCRIPTION
S/P IND & UNITS DOLA OUT OF VAULT
3603097 12 912828RZ5 6,991,000.00 UNITED STATES TREAS NTS
DTD 00384
0.25% 01/15/15
07/09/13 6991000.00
3603153 12 912828UG3 5,012,000.00 UNITED STATES TREAS NTS
0.375% 01/15/16
07/09/13 5012000.00
9999167 01 S99991670 3,000,218.76 DREYFUS TREAS&AGENCY CASH MGT 598 PART
07/10/13 3000218.76
15,003,218.76 SECURITY TOTALS
SECURITY ACTIVITY EXISTS ON THE PENDING FILE FOR THIS ACCOUNT
    
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