# 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, SEPTEMBER 17, 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:** | **Selected by:** |
|---|---|
| Neil Cullen | Largest Special District of the type in H&R Code Section 34188 |

| **Vice Chair:** | **Selected by:** |
|---|---|
| Patti Ernsberger<br>Assistant Superintendent, Business Services<br>South San Francisco Unified School District<br>Alternate: Alejandro Hogan<br>Superintendent, South San Francisco Unified School District | San Mateo County Superintendent of Schools |

| **Board Members:** | **Selected by:** |
|---|---|
| Mark Addiego<br>Councilmember, City of South San Francisco<br>Alternate: Barry Nagel<br>City Manager, City of South San Francisco | Mayor of the City of South San Francisco |
| Gerry Beaudin<br>Principal Planner, City of South San Francisco | Mayor of the City of South San Francisco |
| Barbara Christensen<br>Director of Community/Government Relations,<br>San Mateo County Community College District | Chancellor of California Community College |
| Reyna Farrales<br>Deputy County Manager, San Mateo County | San Mateo County Board of Supervisors |
| Paul Scannell | San Mateo County Board of Supervisors<br>(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 August 20, 2013.

2. Reorganization of the Board.

3. Resolution approving a Loan Agreement in the amount of $8,546.00 with the Successor Agency to the Redevelopment Agency 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 III.

4. Resolution approving a Loan Agreement in the amount of $445,848.00 with the Successor Agency to the Redevelopment Agency of South San Francisco to allow the Successor Agency to make a non-housing recognized obligation payment for expenses that were not offset by projected other revenues during ROPS III.

5. Resolution making findings that $844,000 in unfunded retirement costs and $988,000 in unfunded retiree health costs are valid enforceable obligations of the Successor Agency to the Former City of South San Francisco Redevelopment Agency and adopting a payment plan for those obligations.

6. Resolution approving a Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the period January through June 2014, pursuant to Health and Safety Code Section 84177(l).

7. Future Agenda Items.
   a) Long Range Property Management Plan.
   b) Consideration of revenue sharing agreement related to assignment of the Master Commercial Lease at 636 El Camino Real.

ADJOURNMENT

# REGULAR MEETING

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, AUGUST 20, 2013
2:00 P.M.

CALL TO ORDER — TIME: 2:02 P.M.

ROLL CALL — PRESENT: Boardmembers Addiego, Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen.

PLEDGE OF ALLEGIANCE — LED BY: Boardmember Beaudin

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 July 16, 2013.

Motion- Boardmember Scannell/Second- Boardmember Addiego: to approve the Minutes of the Regular Meeting of July 16, 2013. AYES: Boardmembers Addiego, Christensen, Farrales and Scannell, and Chairperson Cullen. NOES: None. ABSTAIN: Boardmember Beaudin and Vice

Chairperson Ernsberger. ABSENT: None.

2. Resolutions 15-2013 and 16-2013 approving amendments to the Lease Agreements with Sitike Counseling Center and the County of San Mateo for the facility at 306 Spruce Avenue.

Assistant City Manager Van Duyn presented staff's recommendation to extend for an additional year the respective Lease Agreements with Sitike Counseling Center and the County of San Mateo for the facility at 306 Spruce Avenue.

In response to Chair Cullen's query, Assistant City Manager Van Duyn advised there was no sublease agreement and that the last sentence indicated a final form lease agreement. Furthermore, revenue had been set aside and the lease payments would cover the cost of maintaining the buildings and lots.

Motion- Boardmember Scannell/Second- Boardmember Farrales: to approve Resolutions 15-2013 and 16-2013. Unanimously approved by voice vote.

3. Presentation on the preliminary parcelization and development feasibility analysis of the Successor Agency's Mission-Chestnut Area Properties.

Economic and Community Development Consultant Sanchez presented a PowerPoint Presentation detailing the Consultant's preliminary analysis of the parcelization and feasibility of the property owned by the Successor Agency in the Mission/Chestnut Avenue/PUC area.

He began with background on the properties explaining how each parcel was acquired to provide context moving forward. The acquisitions were intended to serve the RDA's main functions of improving infrastructure, supporting environmental remediation of polluted properties, assembling land so that major developments could come in, rezoning to encourage the type of development wanted and other elements such as housing and economic programs. In some of the City's Redevelopment Areas the mission was already or nearly complete. For example, in the Gateway and Shearwater areas some of the improvements included streets and access to the area, construction of the hook ramp that alleviated traffic for the region, water treatment expansion and environmental remediation. Consultant Sanchez explained the tremendous growth that occurred in these areas – the base valuation of Shearwater went from $3.6 million to $567 million. In percentage terms, that would be over 15,000%.

In regards to the El Camino-Chestnut Area, Consultant Sanchez noted that infrastructure improvements had been planned, including the Oak Avenue extension and extensive open space. A library had also been planned for the area. The Agency was heavily involved in land assemblage and an Area Plan was developed.

As far as the Downtown, the Agency had planned to move the Caltrain Station to be more accessible. Much more environmental remediation for the properties assembled in these areas was required. Council was in the process of rezoning the Downtown. Due to the Downtown area being heavily populated, other programs, including business assistance and enforcement programs were supported.

Consultant Sanchez focused back on the Mission/Chestnut Avenue/PUC properties. He described the properties as very challenging because of the incomplete nature of the land assemblage. The Agency had been unable to acquire three residential buildings and one office building that were essential for access to some of the parcels. This was exacerbated by the fact that the Oak Avenue extension was never developed, although plans exist. Other challenges presented by the El Camino Real frontage properties include building narrowness, site accessibility, depth and grade change. The Agency considered the possibility of closing off Antoinette Lane to add value to the properties, but underground utilities made the action cost prohibitive. While minimum and maximum zoning requirements are typically helpful to a Master Plan, such requirements would actually further complicate things in this instance involving disjointed properties.

Given all the complications, the Consultants looked at many scenarios to decide how to best divide the land. The review ultimately concluded that the best way to approach it would be to have three subareas A, B, and C. A would be the commercial area, B would be the largely landlocked area and C would include roughly 4.5 acres of former golf range property. The Consultant decided that a 12 story building was not feasible and accordingly worked with the minimum development requirements. It was proposed that for site A, the most efficient thing would be to put residential over the ground floor and podium parking, specifically 194 units. Site B would have 100 units and Site C would have 420 units. Specifically, site A would have 32,000 square feet of retail space and 194 residential units. The residual land value would be roughly $12 million or $43 per square foot. Residual land value is the amount of money that a developer is willing to pay for a property. The Consultant found that condominiums would work on only some of the sites. These scenarios were based on the most optimistic assumptions in terms of the requirements. For example, if based on rentals, a park in lieu and 20% requirement for affordable housing would kick in, resulting in skyrocketing costs.

In response to an inquiry by Boardmember Scannell, Consultant Sanchez affirmed that this did not include low income housing due to the Palmer case in Los Angeles.

Consultant Sanchez had queried the Consultant regarding the possibility of selling everything individually, but the project Consultant rejected this possibility due to the fact that necessary structured parking cannot be built for the commercial space. All the sites were dependent on the BART Right of Way and Antoinette Lane for parking.

In response to Boardmember Scannell's query pertinent to the library, Consultant Sanchez noted that the General Plan originally located the library in the area. When staff completed the initial analysis after the demise of Redevelopment, it believed the Library should be taken out so as to remain neutral as to the taxing entities. However, the Consultant recommended maintaining the plans for a library in the area, since depending on the market conditions, the developer would make a marginal profit or loss. Further, being a public amenity, the library would enhance the benefit to the rest of the site. Accordingly, the plan to relocate the City's main library to this site was maintained.

Consultant Sanchez explained the Consultant's conclusion that due to the interdependency of the sites, the highest appraised value would be achieved by keeping the parcels in tact.

In response to Chair Cullen's query, Consultant Sanchez confirmed that the ideal situation would be

to sell the entire site to a single developer.

Regarding the Downtown properties, Consultant Sanchez explained a property assemblage in which a 5th and important parcel was not able to be acquired. While the property would be more valuable with the acquisition of the 5th property, ultimately it would make sense to develop the properties to maximize revenues in the long and short term.

Boardmember Christensen suggested using tax increment dollars to buy the 5th lot and complete the assemblage since it would be much more valuable to have the full site.

Consultant Sanchez concluded that the aim of the presentation was to help the Boardmembers understand the mechanisms involved in the property assemblage and determine what would make the best economic sense moving forward.

In response to Boardmember Farrales' query regarding the structure of the ultimate recommendation that would be presented to the Oversight Board, Consultant Sanchez advised a recommendation and options would be presented.

Chairman Cullen favored keeping all of the Mission/Chestnut/PUC properties together.

Boardmember Christensen suggested having the El Camino frontage property in the Chestnut Area appraised, since she believed it would be valuable for housing.

Boardmember Addiego agreed.

Consultant Sanchez noted that staff was limited by a $25,000 cap for DOF review.

In response, Assistant City Manager Van Duyn suggested staff review appraisal options and bring anything over the $25,000 cap back to the Board for approval.

The following developers identified themselves as being present to hear this topic: Mike Olmeady, President of Signature Development Group which is based in Oakland and his colleague Eric Harrison. Sheppard Heery, a consultant and developer from the Brookwood Group was also present.

4. Framework for determining former RDA Staffing composition for calculating unfunded retirement and retiree health liabilities.

Chair Cullen noted that he had previously sent a copy of his e-mails to Finance Director Steele, including the recommended format for addressing this topic, to the Board. His recommendation was that the Board discuss the positions still in question and agree on the former RDA Staffing composition for calculating unfunded retirement and retiree health liabilities. It could then direct staff to bring back the actuarial report based on the Board's direction. It would also direct staff on the number of ROPs to be used to compensate the City.

Finance Director Steele presented the report noting that the Board was grappling with 2 sets of questions, including the mechanical calculation and policy. He hoped that the Board could move

through today and informally vote on which positions to include in the actuarial analysis. Until that then, staff would not be able to get an accurate calculation of actuarial numbers. In the staff report, Director Steele noted two areas of previous Board concern, including Police Officers and Literacy Services positions. Director Steele explained staff's position that the RDA plan and language in the Health and Safety Code that governed Redevelopment justified the Police Officer positions in order to minimize crime related to blight in the Redevelopment Areas. Likewise, the Literacy Services positions enhanced Redevelopment functions by reaching out to residents and businesses in the Downtown area and assisting in reducing blight. This staff spoke Spanish and taught English and literacy to adults. This helped residents become employable as a part of the Economic Development component of Redevelopment. Director Steele understood that the Board's policy concerns. However, he offered the example of Redwood City, which had many of the same types of positions such as park workers, recreation workers, a portion of the city manager, portion of finance staff, planners and even a portion of the city attorney designated as part of the staffing composition for calculating unfunded retirement benefits and retiree health. With a tax increment of $12.5 million, the Redwood City Oversight Board allocated 13.5 positions, which were also approved by the State. In contrast, in consideration of South San Francisco's tax increment of $36 million, staff suggested allocating 17.95 positions in the highest year. On average, it was much less than that, including the two Police Officers and the Literacy Services positions. Staff believed that this was a reasonable allocation of positions. Director Steele was hopeful the Board would come to a consensus on positions so that staff could implement the final actuarial study.

In response to Boardmember Christensen's query regarding the remaining ROPS cycles, Finance Director Steele advised that since the Board would cease functioning in 2016 pursuant to the Health and Safety Code, five ROPS cycles remained.

Boardmember Christensen observed that a number of positions were added in 2011 and 2012. For example in the Finance Department staff was not proposing to charge for the Director of Finance but was charging for an Accountant.

Finance Director Steele explained that staff felt that it couldn't justify charging as many staff to the RDA in the earlier years. As time progressed and the RDA ramped up, so did the staff allocations. There were two full time employee accountants over the 17 years, which averages out to 2/17ths of a full time employee.

In response to further inquiry by Chair Cullen, Finance Director Steele responded that he believed all reports given to the Board were addressed in terms of full time employees. The last 3 years were based on payroll records demonstrating hours worked.

Boardmember Scannell returned to Boardmember Christensen's query and stated that he did not understand Finance Director Steele's response regarding the reason behind the jump in 2011 and 2012. Finance Director Steele advised that staff observed that full time employees were working on valid administrative functions for the Redevelopment Agency but could not justify or afford doing it earlier. Before the 2006 fiscal merger, each tax project area had to stand on its own and funds could not be mixed, because highly restrictive covenants established when Redevelopment was set up did not allow it. The fiscal merger allowed comingling of funds across all the project areas. Thus, staff was able to unleash the tax increment to a large extent starting in 2006-2007, which was previously

impossible. In sum, the jump was attributed to the fact that in the early years the funds were not available due to restrictions.

In response to Vice-Chair Ernsberger's inquiry into whether the accountants were new or reassigned to the RDA, Finance Director Steele clarified that the accountants had actually been working for the RDA for sometime, but only began coding time as such once the Agency could afford this mechanism. When the fiscal merger went through, not only did the Agency have more money, but the workload increased as the Agency had to account for those funds and all the new projects, invoices and assets that needed to be booked in the system.

Chair Cullen was hesitant to include Police positions because the policing was done in areas of business which he saw as a typical City Police requirement.

Boardmember Addiego responded that the Police faced the problem of SRO residents in the business district due to Redevelopment. The relevant Officers' focus was to interface on behalf of merchants.

Assistant City Manager Van Duyn added that there was a corridor of development very near residential neighborhoods where there was a lot of activity at the time, which forged the relationship with Redevelopment. The Agency owned properties along the corridor as well and the Neighborhood Response Team that the City funded was directly linked to the Police Substation that was put into the Miller Avenue Parking Garage, which was funded by the Agency in the Downtown District. This Substation was established so that there would be more Police proximity as well as a launch point to serve the problematic areas of the Downtown District.

In response to a query by Chair Cullen, Finance Director Steele noted that the General Fund was now receiving $6 million more in property taxes than during the RDA period and the City did not have to conduct lay offs.

Finance Director Steele clarified for Boardmember Ernsberger that the liabilities were calculated only to the point the RDA was dissolved.

Boardmember Beaudin sought a sense of where the Board was and noted that there seemed to be two specific positions that were still a concern, the Police Officers and the Literacy Services positions.

Boardmember Scannell questioned the relevance of the Parking Enforcement Officer to the RDA.

Finance Director Steele advised there was a direct relationship between the ability of people to park and have easy access to the Downtown without having people parked for three hours in a one hour stall. This primarily helped small downtown businesses.

Chair Cullen noted that there seemed to be a consensus that all the other positions were acceptable to all members of the Board except Literacy Service positions, Parking Enforcement and Police Officers. He suggested taking a motion on the positions on which the Board agreed and then discussing the remainder.

Motion- Boardmember Scannell/Second- Boardmember Addiego: to agree to direct staff to include

all of the positions in the Actuarial Calculation with the exception of the Parking Enforcement Officer, the Police Officers and the Literacy Services positions, which would be subject to immediate further discussion for inclusion. Unanimously approved by voice vote.

Boardmember Christensen believed further discussion was warranted related to the Parking Enforcement Officer and Police Officers.

Chair Cullen suggested each Boardmember express their respective opinions related to these positions.

Boardmember Christensen supported the Parking Enforcement and Police Officers being included in the calculation, but did not support including the Literacy Services positions.

Boardmember Addiego opined that there was good justification for Police and what was being achieved, but that Literacy Services was a stretch.

Boardmember Beaudin agreed with Boardmembers Addiego and Christensen.

Boardmembers Farrales and Scannell wished to exclude them all.

Vice Chairperson Ernsberger believed that the Police Officer full time employee allocation seemed reasonable but the Parking Enforcement allocation seemed high.

Chair Cullen supported including the Police Officers but not the Literacy Services and Parking Enforcement positions.

Motion – Boardmember Addiego/Second –Boardmember Christensen: to agree to direct staff to include the Police Officer positions in the Actuarial Calculation and exclude the Parking Enforcement Officer and the Literacy Services positions. Approved by the following voice vote: AYES: Boardmembers Addiego, Beaudin, Christensen, Vice-Chair Ernsberger and Chair Cullen. NOES: Boardmembers Farrales and Scannell. ABSTAIN: None. ABSENT: None.

ADJOURNMENT

Motion– Boardmember Scannell/Second- Boardmember Addiego: to adjourn the meeting. Unanimously approved by voice vote.

Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 3:35 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

# Redevelopment Successor Agency Oversight Board

# Staff Report

DATE: September 17, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Director of Finance

SUBJECT: APPROVING A LOAN AGREEMENT IN THE AMOUNT OF $8,546.00 WITH THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SOUTH SAN FRANCISCO TO ALLOW THE SUCCESSOR AGENCY TO MAKE NON-HOUSING RECOGNIZED OBLIGATION PAYMENT FOR EXPENSES THAT EXCEEDED WHAT WAS SHOWN ON ROPS III

## RECOMMENDATION

**It is recommended that the Oversight Board approve the attached resolution which approves a loan agreement in the total amount of $8,546.00 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 $8,546.00 to fund several former Redevelopment enforceable obligations shown on ROPS V, but which were incurred during ROPS III and at higher costs than approved via ROPS III. The City Council and SA approved this loan agreement on September 11, 2013. The details of the loan agreement are as follows:

**Detail of $8,546 Loan Agreement**

| Row on ROPS III | Project Name/Debt Obligation | Payee | Description/ Project Scope | Amount Shown on ROPS III | Actual Costs Incurred During ROPS III | Amount of Loan Agreement (rounded) |
|---|---|---|---|---|---|---|
| Row 14 (now Row 10) | Bond Amin/Disclosure Costs TABs | Bank of New York/Wildan | Costs to administer bonds | $5,000.00 | $7,625.00 | $2,625 |
| Row 15 (now Row 11) | Bond Amin/Disclosure Costs Hsg Bonds | Bank of New York/Wildan | Costs to administer bonds | $2,500.00 | $4,108.11 | $1,608 |
| Row 59 (now Row 45) | Maintenance of Non-Hsg Properties | Various Contractors | Rehab, repair, maintenance & utilities | $45,000.00 | $48,343.06 | $3,343 |
| Row 60 (now Row 46) | Maintenance of Non-Hsg Properties | Legal/Staff Costs | Soft project management costs | $54,000.00 | $54,969.79 | $970 |
| **Totals** | | | | **$106,500.00** | **$115,045.96** | **$8,546** |

FISCAL IMPACT

The loan agreement totals $8,546.00 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 several ROPS payment items that exceeded the amount approved on ROPS III.

By: _____
Jim Steele
Finance Director

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

Attachments: Resolution
Loan Agreement

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 $8,546.00 WITH THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SOUTH SAN FRANCISCO TO ALLOW THE SUCCESSOR AGENCY TO MAKE NON-HOUSING RECOGNIZED OBLIGATION PAYMENT FOR EXPENSES THAT EXCEEDED WHAT WAS SHOWN ON ROPS III**

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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 (DOF) in order for payment of listed obligations to be made; and

WHEREAS, the timing and size of payment of certain items identified and approved as enforceable obligations on ROPS III did not coincide with the amount and payment date listed on that ROPS; and

WHEREAS, timely payment of 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 obligations 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 obligations; 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 (RPTTF); 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 obligations 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 $8,546.00 to fund former Redevelopment Agency enforceable obligations shown on ROPS V but which were incurred during the time period for ROPS III and exceeded the amount approved on ROPS III.

4. The Successor Agency is directed to include this loan agreement on the next ROPS, and its submission, 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 17th day of September, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
City Clerk

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 September 17, 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**, several enforceable obligation pursuant to Health and Safety Code §§ 34171(d)(1)(E) and 34171(d)(1)(F) were listed on the ROPS for the period January-June 2013 ("ROPS III") as line items 14, 15, 59, and 60 as shown below, in the total amount of $106,500, and which cost a total of $115,045.96, as shown below:

| Row on ROPS III | Project Name/Debt Obligation | Payee | Description/ Project Scope | Amount Shown on ROPS III | Actual Costs Incurred During ROPS III | Amount of Loan Agreement (rounded) |
|---|---|---|---|---|---|---|
| Row 14 (now Row 10) | Bond Amin/Disclosure Costs TABs | Bank of New York/Wildan | Costs to administer bonds | $5,000.00 | $7,625.00 | $2,625 |
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| Row 60 (now Row 46) | Maintenance of Non-Hsg Properties | Legal/Staff Costs | Soft project management costs | $54,000.00 | $54,969.79 | $970 |
| Totals | | | | $106,500.00 | $115,045.96 | $8,546 |

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 Eight Thousand Five Hundred Forty Six Dollars and no Cents ($8,546.00) for the purpose of enabling the Successor Agency to pay the Non-Housing Obligation; and

**WHEREAS**, on September 11, 2013 the Successor Agency and the City each approved the Loan and authorized the execution of this Agreement, pursuant to Resolution No. _____ and Resolution No. _____, respectively; and

**WHEREAS**, on September 17, 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 Eight Thousand Five Hundred Forty Six Dollars and No Cents (8,546.00).

(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**

By: _____
Barry M. Nagel, City Manager

Attest:

_____
Krista J. Martinelli, City Clerk

Approved as to Form:

_____
Steven T. Mattas, City Attorney

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

By: _____
Marty Van Duyn, Assistant City Manager

_____
Krista J. Martinelli, Secretary

_____
Steven T. Mattas, Agency Counsel

2147397.1

# Redevelopment Successor Agency Oversight Board

# Staff Report

DATE: September 17, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Director of Finance

SUBJECT: APPROVING A LOAN AGREEMENT IN THE AMOUNT OF $445,848.00 WITH THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SOUTH SAN FRANCISCO TO ALLOW THE SUCCESSOR AGENCY TO MAKE NON-HOUSING RECOGNIZED OBLIGATION PAYMENT FOR EXPENSES THAT WERE NOT OFFSET BY PROJECTED OTHER REVENUES DURING ROPS III

## RECOMMENDATION

**It is recommended that the Oversight Board approve the attached resolution which approves a loan agreement in the total amount of $445,848.00 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 $445,848.00 to fund a former Redevelopment enforceable obligation on ROPS V, but which was incurred during ROPS III. This is for the 2006 RDA Debt Service payment made in March 2013. This obligation was projected to be funded via other revenues (not via Redevelopment Property Tax Trust Fund payments, or RPTTF), and other revenues came in lower than projected. Specifically, staff erroneously projected too much in Oyster Point Impact Fee Revenue coming in, and as a result, the General Fund had to front the dollars for this portion of the debt service payment. The City Council and SA approved this loan agreement on September 11, 2013.

## FISCAL IMPACT

The loan agreement totals $445.848.00 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 in order to meet all enforceable obligations during ROPS III.

By: _____
Jim Steele
Finance Director

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

Attachments: Resolution
Loan Agreement

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 $445,848.00 WITH THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SOUTH SAN FRANCISCO TO ALLOW THE SUCCESSOR AGENCY TO MAKE NON-HOUSING RECOGNIZED OBLIGATION PAYMENT FOR EXPENSES THAT WERE NOT OFFSET BY PROJECTED OTHER REVENUES DURING ROPS III**

---

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 (DOF) in order for payment of listed obligations to be made; and

WHEREAS, the Successor Agency had projected "Other Revenues", that is, revenues from sources other than from Redevelopment Property Tax Trust Fund proceeds received from San Mateo County during ROPS III, to be sufficient to make a portion of the 2006 RDA Debt Service payment during ROPS III, but not all "Other Revenues" were received as initially projected by staff approximately six months before that time; and

WHEREAS, timely payment of 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 (RPTTF); 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 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 $445,848.00 to fund a former Redevelopment Agency enforceable obligation shown on ROPS V but which was incurred during the time period for ROPS III and for which insufficient Other Revenues existed to make the full payment as projected on ROPS III.

4. The Successor Agency is directed to include this loan agreement on the next ROPS, and its submission, 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 17th day of September, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:

_____
City Clerk

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 September 17, 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 2013 ("ROPS III") as line item 5, and which contained an estimate of "Other Revenue" to pay for this as shown below:

| Row on ROPS III | Project Name/Debt Obligation | Payee | Description/ Project Scope | Estimate of Other Revenue on ROPS III to fund a portion of this obligation | Actual Amount of Other Revenue Received during ROPS III | Amount of Loan Agreement (rounded) |
|---|---|---|---|---|---|---|
| Row 5 (now Row 3) | Debt Service Tax Allocation Bonds | Bank of New York | 2006 Tax Allocation Bonds | 1,466,405.00 | 1,020,556.95 | 445,848 |

and

**WHEREAS**, accordingly, the City advanced funds for the payment of the Non-Housing Obligation upon the Successor Agency's receipt of invoices therefore without corresponding sufficient Other Revenues to fund this obligation; 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 Four Hundred Forty Five Thousand Eight Hundred Forty Eight Dollars and No Cents ($445,848.00) for the purpose of enabling the Successor Agency to pay the Non-Housing Obligation; and

**WHEREAS**, on September 11, 2013 the Successor Agency and the City each approved the Loan and authorized the execution of this Agreement, pursuant to Resolution No. _____ and Resolution No. _____, respectively; and

**WHEREAS**, on September 17, 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 Four Hundred Forty Five Thousand Eight Hundred Forty Eight Dollars and No Cents ($445,848.00).

(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**

By: _____
Barry M. Nagel, City Manager

Attest:

_____
Krista J. Martinelli, City Clerk

Approved as to Form:

_____
Steven T. Mattas, City Attorney

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

By: _____
Marty Van Duyn, Assistant City Manager

_____
Krista J. Martinelli, Secretary

_____
Steven T. Mattas, Agency Counsel

# Redevelopment Successor Agency Oversight Board
# Staff Report

DATE: September 17, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Finance Director

SUBJECT: RESOLUTION MAKING FINDINGS THAT $844,000 IN UNFUNDED RETIREMENT COSTS AND $988,000 IN UNFUNDED RETIREE HEALTH COSTS ARE VALID ENFORCEABLE OBLIGATIONS OF THE SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF SOUTH SAN FRANCISCO AND ADOPTING A PAYMENT PLAN FOR THOSE OBLIGATIONS

## RECOMMENDATION

**It is recommended that the Oversight Board adopt the attached resolution which:**

- **Makes findings certifying that the liabilities attributable to the former Redevelopment Agency for unfunded retirement (CalPERS) and retiree health obligations (OPEB) are valid enforceable obligations of the Successor Agency (SA); and**

- **Adopts a payment plan to pay for those liabilities over the next five ROPS periods, including the ROPS that is being considered under a separate agenda item at today's meeting for January through June 2014.**

## BACKGROUND/DISCUSSION

The Oversight Board has had several meetings over the past year to discuss a fair way to assign those remaining unfunded costs attributable to employees who provided services to the former Redevelopment Agency (the RDA). Those unfunded liabilities are of two types and have been calculated as of February 1, 2012 * by the actuary approved by, and using a methodology reviewed by, the Oversight Board (Bartel Associates):

- Retirement Costs: CalPERS unfunded liabilities; and
- Retiree Health Costs: Because the City only pays current retiree medical premiums, it has an unfunded obligation for employees for prior service. The City has agreements with all bargaining units that specify that regular employees that retire from the City and from CalPERS after at least 5 years of service receive lifetime medical premium coverage. For that reason, the City has joined the California Employers Retiree Benefit Trust Fund (CERBT), and will begin paying down that obligation over time.

*This was calculated by the actuary effective as of the date of the dissolution of Redevelopment Agencies in California.

The Board has had several meetings over the past year to determine an appropriate process to review the extent to which services provided by various positions/FTEs were in fact appropriate obligations of the SA, and also to determine a fair way to allocate those costs to the SA. Those discussions began a process towards completion when the Board met with Doug Pryor, an actuary with the firm Bartel Associates, on March 12, 2013. As a result of the feedback from that meeting, staff provided Bartel Associates with a listing of employees and FTEs that supported the former Redevelopment Agency of the City of South San Francisco by providing services in areas such as code enforcement, planning, and administration, accounting and financial services. That listing was reviewed on several occasions over the last year by the Board, and this last iteration was discussed in detail by the Board on August 20, 2013. At that August 20th meeting, the Board had a lengthy discussion that revolved around several key questions. Those questions included:

- The relationship between the FTEs and the work done for the former RDA through February 1, 2012, either in eliminating blight, fostering economic growth and/or development, or supporting affordable housing;
- Confirming the geographical nexus of the staffing charged to the former RDA to the former RDA project areas;
- Verifying certain arithmetic and actuarial calculations and assumptions made by the actuary;
- How the work done by these employees specifically was covered by the California Health and Safety Code sections on Redevelopment;
- Whether the staffing attributable to the RDA was reasonable compared to the share of time spent on non-RDA work (for administrative staff).

At the conclusion of the discussion, the Board voted via voice vote to affirm which specific FTEs it believed were appropriate to charge to the Successor Agency as valid financial obligations. The listing of those FTEs is attached to the resolution accompanying this staff report as Attachment A. The actuary then calculated the costs attributable to those approved FTEs through February 1, 2012 for unfunded retirement and OPEB costs. That report, dated September 3, 2013 is Attachment B to the resolution accompanying this staff report.

FISCAL IMPACT:

The actuarial report attached to the resolution accompanying this staff report shows that the unfunded obligations for retirement and retiree health costs are as follows:

| | |
|---|---|
| Retirement Costs: | $844,000 |
| Retiree Health (OPEB) Costs: | $988,000 |
| Total unfunded obligations of former RDA employees through February 1, 2012: | $1,832,000 |

At the Board's request, these obligations have been divided into five equal installments, and with the Board and State Department of Finance approval of the attached resolution, these obligations will be paid off over the next five ROPS periods, including the ROPS for January through June 2014 with no interest.

CONCLUSION:

The attached resolution makes findings to certify the above unfunded employee obligations are valid obligations of the Successor Agency, and approves a payment schedule to retire those obligations over the next five ROPS periods.

By: _____
Jim Steele
Finance Director

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

Attachments: Resolution
Attachment A, Schedule of Positions
Attachment B, Bartel Actuarial Report Dated September 3, 2013.

JS/MVD:ed

**RESOLUTION NO.____**

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

**MAKING FINDINGS THAT $844,000 IN UNFUNDED RETIREMENT COSTS AND $988,000 IN UNFUNDED RETIREE HEALTH COSTS ARE VALID ENFORCEABLE OBLIGATIONS OF THE SUCCESSOR AGENCY TO THE FORMER CITY OF SOUTH SAN FRANCISCO REDEVELOPMENT AGENCY AND ADOPTING A PAYMENT PLAN FOR THOSE OBLIGATIONS**

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WHEREAS, pursuant to ABx1 26, as amended by AB 1484, codified in the California Health and Safety Code, the Successor Agency to the former City of South San Francisco Redevelopment Agency (Successor Agency) is charged with continuing to make payments due for enforceable obligations of the former Redevelopment Agency; and

WHEREAS, certain City of South San Francisco (City) employees provided services to the former Redevelopment Agency until its dissolution on February 1, 2012; and

WHEREAS, the obligations to pay those specific employees for retirement and retiree health costs (Employee Obligations) are contractual obligations that the City of South San Francisco has in place with all of its bargaining units; and

WHEREAS, Health and Safety Code Section 34171(d)(1)(C) provides that legally enforceable payments required in connection with redevelopment agency employees, including but not limited to pension payments, pension obligation debt service, or other obligations conferred through a collective bargaining agreement constitute enforceable obligations of a successor agency; and

WHEREAS, only enforceable obligations of a successor agency may be paid from the Redevelopment Property Tax Trust Fund, provided that they are listed in a Recognized Obligation Payment Schedule that is approved by the Oversight Board and the State Department of Finance (DOF); and

WHEREAS, the Oversight Board of the Successor Agency inquired of the (DOF) with regard to the appropriate treatment of such Employee Obligations; and

WHEREAS, pursuant to Resolution 95-2013 adopted on September 11, 2013, the City Council of the City authorized the execution of an agreement with the California Public Employees' Retirement System (CalPERS) to establish a trust fund for employee obligations, including Successor Agency Employee Obligations; and

WHEREAS, on November 20, 2012, the DOF informed the Oversight Board Chair that

"(The Department of) Finance expects that in most cases unfunded costs for pensions and other employee benefits will be determined to be enforceable obligations, regardless of whether the employees were employed by the RDA or were city employees performing work for the RDA"; and

WHEREAS, over the past several months, as demonstrated in the record of its meetings, the Oversight Board has engaged in a deliberative process to ensure that the Employee Obligations are conservatively estimated and are truly reflective of specific services provided to the former Redevelopment Agency in order to eliminate blight, foster economic development and/or affordable housing, and/or oversee or administer the former Redevelopment Agency; and

WHEREAS, such Oversight Board deliberations have included, but have not been limited to, the following events:

-On February 14, 2013, the Oversight Board held a lengthy discussion of Employee Obligations and confirmed the Successor Agency's use of Bartel Associates, a qualified actuary (Actuary), to calculate the Employee Obligations, and authorized an outline of the scope of Actuary work to be performed;

-On March 12, 2013, the Oversight Board reviewed the Actuary's methodology and assumptions and met with an actuary from Bartel Associates at that meeting and directed staff to provide additional data to the Actuary on Redevelopment Agency staffing history, which the Actuary subsequently used to perform its calculations;

-On August 20, 2013, the Oversight Board consented to the use of specific full time equivalent (FTEs) for specific positions that had provided services to the Redevelopment Agency. Successor Agency staff cited to specific provisions of the Community Redevelopment Law, Health and Safety Code Section 33000 et seq., pursuant to which the services forming the bases of the Employee Obligations were provided to the Redevelopment Agency by each position shown on the Schedule of Positions attached hereto as Attachment A including services required to eliminate blight, foster economic development and/or affordable housing, and administering the Redevelopment Agency;

-Also at the August 20, 2013 Oversight Board meeting, for each position shown on the attached Schedule, specific duties performed by those positions/employees were described and were found by the Oversight Board to be in keeping with the Redevelopment Agency's statutory responsibilities; and

WHEREAS, the Actuary has presented its Report, dated September 3, 2013 and attached hereto as Attachment B; and

WHEREAS, in summary, the Report states that "prior to the RDA being eliminated in February 2012, there were a total of 42 active City employees and 6 retirees who had at least a portion of their positions allocated to RDA over the years. After the RDA (was)... eliminated, there will be remaining unfunded liabilities associated with these members' City-provided CalPERS pension and OPEB benefits because the City, like many in California, does not fully fund its OPEB obligations annually, and because CalPERS payment formulas have resulted in pension funding asset rate of 69.8% for Miscellaneous and 70.5% for Safety (both as of the most recent June 30, 2011 CalPERS actuarial valuation)", and

WHEREAS, the Oversight Board has reviewed and considered the attached Schedule, the attached Report, the accompanying Staff Report, and all public comment received thereon.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board finds and determines as follows:

Section 1. The above Recitals are true and correct.

Section 2. The Actuary's Report utilizes a conservative approach in estimating the number of staff positions and Full Time Equivalents (FTEs) providing required services to the former Redevelopment Agency, pursuant to the Community Redevelopment Law, and utilizes the specific FTEs approved by the Oversight Board.

Section 3. The staff positions and FTEs associated with those positions, and the resulting Employee Obligations to which the Successor Agency succeeded, are reasonable in proportion to the City's overall employee obligations, and reflect a level of staff support that permitted the Redevelopment Agency to produce property tax increment that over time benefitted and will continue to benefit the taxing entities.

Section 4. The Employee Obligations are based upon and pursuant to executed labor agreements between the City of South San Francisco and all of its bargaining units.

Section 5. It is fair and appropriate that the various taxing entities that benefited from the services of the former Redevelopment Agency employees should pay their proportionate share of the Employee Obligations incurred through February 1, 2012, when RDA was eliminated.

Section 6. The costs reflected in the Actuary's Report, consisting of Eight hundred forty four thousand dollars ($844,000) for unfunded retirement costs payable to the CalPERS, and nine hundred eighty-eight thousand dollars ($988,000) for unfunded

retiree health costs payable to CalPERS for deposit in the California Employers Retiree Benefit Trust (CERBT), constitute valid enforceable obligations of the Successor Agency.

Section 7. It is reasonable and appropriate, and to the benefit of both the holders of the enforceable obligations and the taxing entities, to fund the Employee Obligations over the next five ROPS periods, beginning with the ROPS for the period January through June 2014, and ending with the ROPS for the period January-June 2016, in five (5) equal installments, with no interest.

Section 8. Successor Agency staff is authorized and directed to include in each of the five ROPS for the period January-June 2014 through January-June 2016:

-One hundred sixty-eight thousand eight hundred dollars ($168,800) for unfunded retirement costs payable to the CalPERS, and

-One hundred ninety-seven thousand six hundred dollars ($197,600) for unfunded retiree health costs payable to CalPERS for deposit in the California Employers Retiree Benefit Trust (CERBT),

until the total of these Employee Obligations are fully paid, and to take such other and further action as necessary to implement the intent of this Resolution.

Section 9. If any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

Section 10. Effective Date. This Resolution shall take effect immediately upon its adoption.

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of South San Francisco at a special meeting held on the 17th day of September, 2013 by the following vote:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

ATTEST: _____
City Clerk

Attachments: Attachment A, Schedule of Positions
Attachment B, Bartel Actuarial Report Dated September 3, 2013

2139602.2

**Attachment A**
**Schedule of Positions**

**Note, not all intervening years are displayed on this schedule due to space constraints.**

| Department | Position | Description of Duties in RDA | 1996 FTE | 2000 FTE | 2004 FTE | 2008 FTE | 2012 FTE | Total FTE in this entire work area program area | RDA Support in 2012 as % of this Work Area * |
|---|---|---|---|---|---|---|---|---|---|
| | | | * Measured for reasonableness for 2012, the year of the MOST RDA services provided by City staff. | | | | | | |
| CITY CLERK | DEPUTY CITY CLERK | Prorated share of managing Redevelopment Agency Board's business pertaining to the Redevelopment Agency's activities. Responsibilities between different City Clerk staff varied from year to year. | | | | | 1.00 | 3.00 | |
| | | Sub-Total | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 3.00 | 33.3% |
| CITY MANAGER | CITY MANAGER | Prorated share of managing Redevelopment Agency . | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 1.00 | |
| | ASST CITY MANAGER | | 0.10 | 0.10 | 0.20 | 0.40 | 0.40 | 1.00 | |
| | ASST TO CITY MANAGER | | | 0.20 | 0.16 | 0.10 | 0.10 | 1.00 | |
| | | Sub-Total | 0.30 | 0.50 | 0.56 | 0.70 | 0.70 | 3.00 | 23.3% |
| FINANCE | ACCOUNTANT I/II | Redevelopment accounting, reviews General Ledger transactions, makes correcting journal entries, prepares financial statements, reviews bank statements and reconciles cash, pays bond debt service, prepares reports, etc. | | | | | 1.00 | 3.00 | |
| | DIRECTOR OF FINANCE | General RDA financial oversight, 2005 work included fiscal merger | 0.10 | 0.10 | | | | 1.00 | |
| | ACCOUNTING ASST II | Preparation of accounts payable checks, purchase orders, payroll processing, payroll reporting, receipt of rent revenue and property tax revenue payments, routine journal entries. | | | | | 1.00 | 6.00 | |

| Department | Position | Description of Duties in RDA | 1996 FTE | 2000 FTE | 2004 FTE | 2008 FTE | 2012 FTE | Total FTE in this entire work area<br><br>program area | RDA Support in 2012 as %<br><br>of this Work Area * |
|---|---|---|---|---|---|---|---|---|---|
| | | | * Measured for reasonableness for 2012, the year of the MOST RDA services provided by City staff. | | | | | | |
| FINANCE con't | SENIOR FINANCIAL ANALYST | Analytical work related to budget, finance and reporting: files state controller's report, reports internally on budget to actuals, assists RDA staff in running financial reports, prepares budget adjustments, financial projections for capital planning, prepares reports internally for Council, Successor Agency and Oversight Board | | | | 1.00 | 1.00 | 2.00 | |
| | | Sub-Total | 0.10 | 0.10 | 0.50 | 1.00 | 3.00 | 12.00 | 25.0% |
| FIRE | FIRE PREVENTION OFFICER/CODE ENFORCEMENT | Economic Blight, Section 33031 (b) - Identifying and addressing code violations and blight in the redevelopment areas. (Total staffing includes regular plus hourly staffing) | | | | 2.00 | 2.00 | 5.00 | |
| | | Sub-Total | 0.00 | 0.00 | 0.00 | 2.00 | 2.00 | 5.00 | 40.0% |
| INFORMATION TECHNOLOGY | INFORMATION SYSTEMS ADMINISTRATOR | Responsible for the ongoing maintenance of the Redevelopment Agency's information technology systems | | | | | 1.00 | 5.00 | |
| | | Sub-Total | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 5.00 | 20.0% |

| Department | Position | Description of Duties in RDA | 1996 FTE | 2000 FTE | 2004 FTE | 2008 FTE | 2012 FTE | Total FTE in this entire work area program area | RDA Support in 2012 as % of this Work Area * |
|---|---|---|---|---|---|---|---|---|---|
| | | | * Measured for reasonableness for 2012, the year of the MOST RDA services provided by City staff. | | | | | | |
| POLICE DEPT | POLICE OFFICER | Economic Blight, Section 33031 (b) - Police staff provide enhanced foot and downtown bike patrol services, including opening a police substation in the downtown to increase services to the downtown district not generally provided by regular police patrol. Services included preemptive mitigation and resolution of problems caused by residential overcrowding in SRO hotels, social service providers, gang activity and an excess of bars and liquor stores. Worked with downtown merchants, Chamber of Commerce and Literacy Program Coordinator to improve business environment by promoting crime prevention measures and reducing crime and other serious threats to public safety and welfare. | | | | 2.00 | 2.00 | 83.00 | |
| | | Bike Patrol | | | | Avictia; McNichol | Alvarado; Reinoso | Total Sworn | |
| | | Sub-Total | 0.00 | 0.00 | 0.00 | 2.00 | 2.00 | 83.00 | 2.4% |
| PUBLIC WORKS | ADMINISTRATIVE ASSISTANT I/II | Share of support staff for City Engineers' work on projects in the redevelopment areas. | | | 0.10 | 0.70 | 0.70 | 1.00 | |

| Department | Position | Description of Duties in RDA | 1996 FTE | 2000 FTE | 2004 FTE | 2008 FTE | 2012 FTE | Total FTE in this entire work area<br>program area | RDA Support in 2012 as %<br>of this Work Area * |
|---|---|---|---|---|---|---|---|---|---|
| | | | * Measured for reasonableness for 2012, the year of the MOST RDA services provided by City staff. | | | | | | |
| PUBLIC WORKS con't | SR CIVIL ENGINEER | Prorated share Engineering staff reviewing and inspecting infrastructure improvements related to new housing and commercial development in the City's four redevelopment areas. | | | | 1.00 | 1.00 | 3.00 | |
| | | Sub-Total | 0.00 | 0.00 | 0.10 | 1.70 | 1.70 | 9.00 | 18.9% |
| PARK MAINT | PARK MAINT WORKER | Economic Blight, Section 33031 (b) - Staff position responsible for the landscaping and cleanliness of the Redevelopment Agency's extensive property portfolio of 32 commercial and residential properties, and public sidewalk and median landscaping in downtown. | | | | 1.00 | 1.00 | 14.00 | |
| | | Sub-Total | 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 14.00 | 7.1% |
| ECON & COMM DEV | ECONOMIC & COMMUNITY *DEVELOPMENT* DIRECTOR | Managed Redevelopment Agency's housing and commercial programs and projects. | 0.10 | 0.10 | | | | 1.00 | |
| | ECONOMIC DEVELOPMENT COORDINATOR | Managed Redevelopment Agency's housing and commercial programs and projects. | | | | 1.00 | 1.00 | 3.50 | |

| Department | Position | Description of Duties in RDA | 1996 FTE | 2000 FTE | 2004 FTE | 2008 FTE | 2012 FTE | Total FTE in this entire work area program area | RDA Support in 2012 as % of this Work Area * |
|---|---|---|---|---|---|---|---|---|---|
| | | | * Measured for reasonableness for 2012, the year of the MOST RDA services provided by City staff. | | | | | | |
| | MANAGER OF HOUSING & REDEVEL | Supervised Redevelopment Agency staff, programs and projects and State reports, provide additional liaison work w/ downtown merchants. | | | 0.17 | 0.40 | 0.40 | 1.00 | |
| ECON & COMM DEV con't | ASSOCIATE PLANNER | Prorated share for reviewing housing and commercial development projects in the City's four redevelopment areas, including advanced planning and zoning tasks to promote redevelopment. | | | | | 1.00 | 3.00 | |
| | SENIOR PLANNER | Prorated share for reviewing housing and commercial development projects in the City's four redevelopment areas, including advanced planning and zoning tasks to promote redevelopment. | | | 0.70 | 0.85 | 1.35 | 2.00 | |
| | BUILDING INSPECTOR | Prorated share of inspections to redevelopment projects and properties in the redevelopment project areas, primarily downtown. | | | | 0.20 | 0.20 | 5.00 | |
| | | Sub-Total | 0.10 | 0.10 | 0.87 | 2.45 | 3.95 | 15.50 | 25.5% |
| **GRAND TOTALS** | | | **0.50** | **0.70** | **2.03** | **10.85** | **16.35** | **153.50** | **10.7%** |

**TOTALS COMPARED TO ENTIRE CITY STAFFING:**

| | | |
|---|---|---|
| **16.35** | **486.53** | **3.4%** |
| | | **as a % of total City staffing** |

* 2012 shown as undiscounted FTEs above. Actuary discounted 2012 to reflect the only 7 months that RDA was in operation, prior to dissolution as of February 1, 2012. Also, 2012 was chosen here to measure as a percentage for comparison purposes only to test for reasonableness the maximum extent to which RDA (prior to actuarial discounting) was charged for the work of one unit, compared to similar charges to other (non-RDA) units

September 3, 2013

Jim Steele
Finance Director
**City of South San Francisco**
400 Grand Avenue
South San Francisco, CA 94080

**Re: Redevelopment Agency – CalPERS and OPEB Unfunded Liability Estimate**

Dear Mr. Steele:

This letter summarizes the CalPERS and retiree health (OPEB) unfunded liability estimates for the City of South San Francisco's Redevelopment Agency (RDA). These liabilities exist because employees had provided a portion of their service during their employment with the City of South San Francisco working for Redevelopment Agency programs and services. In summary, we estimate these amounts to be (amounts in 000's):

| | Unfunded Liability | | | % RDA of Total |
|---|---|---|---|---|
| | RDA | Non-RDA | Total | |
| CalPERS | $ 844 | $ 119,566 | 120,410 | 0.7% |
| OPEB | 988 | 85,099 | 86,087 | 1.1% |
| Total | 1,832 | 204,655 | 206,497 | 0.9% |

P10

**Background**

Prior to the RDA being eliminated in February 2012, there were a total 42 active City employees and 6 retirees who had at least a portion of their positions allocated to RDA over the years. After the RDA is eliminated, there will be remaining unfunded liabilities associated with these members' City-provided CalPERS pension and OPEB benefits because the City, like many in California, does not fully fund its OPEB obligations annually, and because CalPERS payment formulas have resulted in pension funding asset rate of 69.8% for Miscellaneous and 70.5% for Safety (both as of the most recent June 30, 2011 CalPERS actuarial valuation). The City provided data on the active and retired employees who had supported RDA programs and services and asked Bartel Associates to estimate the unfunded liability associated with these benefits for these 48 members for only the portion of time these employees supported RDA.

We calculated the RDA percentage for each person based on the average RDA percentage for all years provided for that individual. In any case where an employee was hired before 1996 (the first year the City provided RDA percentages), we assumed the RDA percentage in years worked before 1996 was the same as the percentage in 1996. The City provided data showed a total of .5 FTE working for RDA in 1996.

The following table summarizes the data used in these calculations.

| | Actives | Retirees |
|---|---|---|
| ■ Count | | |
| • Total Provided in City RDA Data | 42 | 6 |
| • Average of Each Individuals Total Service with RDA | 29% | 19% |
| • Total Equivalent Full-Time Positions | 12.2 | 1.1 |
| ■ Average Age on February 1, 2012 | 44.2 | 60.6 |
| ■ Average PERSable Wages | $104,200 | n/a |
| ■ Estimated Average Annual Pension Benefit | n/a | $35,400 |

**CalPERS Plan Unfunded Liability**

The CalPERS actuarial accrued liability for each employee was calculated as of February 1, 2012, based on the plan provisions and the actuarial assumptions outlined in the CalPERS June 30, 2011 actuarial valuation report, including a 7.50% discount rate, which is the CalPERS long term assumed earnings rate. CalPERS benefits for retirees were estimated using the average retirement benefit for City wide employees who retired within the 5 year period (using the CalPERS actuarial report). If the actual City paid benefit were used in the calculations we would expect unfunded amounts would be higher, so we believe this estimate is conservative, that is, more likely to be understated.

The CalPERS unfunded liability was calculated allocating the market value of assets to actives and inactives in proportion to their respective actuarial liabilities. For purposes of these allocations, ratios from the June 30, 2011 CalPERS valuation were used. The estimated CalPERS unfunded liability for the 48 affected members is $844,000. P11

**OPEB Unfunded Liability**

OPEB liabilities are based on the 6/30/12 data measured on 2/1/12. Key assumptions which differ or are assumptions not included in the CalPERS actuarial valuation are as follows:

- Discount rate – 4.00%. The City has not set up a designated OPEB Trust, so a lower discount rate was assumed.
- Demographic assumptions – CalPERS 1997-2007 Experience Study, with Scale AA applied to post-retirement mortality to project future mortality improvement which is not included n the CalPERS study tables.
- Participation at retirement – 100% if currently covered, 95% if currently waived. Because the City provides lifetime medical to all City employees who retire with 5 years of service, this is probably a conservative estimate, because some of the employees who waive employee medical now do so for economic reasons (the City pays them a stipend, and they are likely on a spouse's medical coverage now), and prior to retirement, it is likely these employees will revert back to the City's medical plan to take advantage of the lifetime benefit.
- Medical trend – Before Medicare, 8.0% medical inflation rate for 2014, trending down to 5.0% for 2020. After Medicare, 8.3% for 2014 trending down to 5.0% for 2020.

Since the City does not pre-fund its OPEB plan, the OPEB unfunded liability is equal to the actuarial liability. The estimated OPEB unfunded liability for the 48 affected participants is $988,000.

main: • fax: • web:

**Actuarial Certification**

This letter presents Bartel Associates' CalPERS and OPEB unfunded liability estimates for the City's RDA employees calculated in accordance with actuarial standards of practice. The total unfunded liability is estimated to be $1,832,000. Actuarial liabilities may differ significantly if the Plans' experience differs from our assumptions. The project scope did not include an analysis of this potential variation. We believe the CalPERS estimates are likely lower than the actual unfunded liabilities we would calculate if we had more complete data on all historical RDA employees.

We have relied on demographic information supplied by the City, which has been reviewed for general reasonableness, but not audited, and market values of assets in the June 30, 2011 CalPERS valuation report.

The undersigned is a member of the American Academy of Actuaries and meets Academy Qualification Standards to render the actuarial results and opinions in this report.

Sincerely,

Doug Pryor

Doug Pryor, ASA, EA, MAAA
Vice President

c: John Bartel, Bartel Associates
Matthew Childs, Bartel Associates



[illegible] • San Mateo, California 94402
main: [illegible] • fax: [illegible] • web: [illegible]

# Redevelopment Successor Agency Oversight Board
# Staff Report

DATE: September 17, 2013

TO: Members of the Oversight Board

FROM: Jim Steele, Finance Director

SUBJECT: APPROVAL OF THE DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JANUARY THROUGH JUNE 2014

## RECOMMENDATION

**It is recommended that the Oversight Board approve the attached draft Recognized Obligation Payment Schedule (ROPS) for the period January through June 2014 (ROPS V, OR ROPS 13-14B). This ROPS was previously approved by the Successor Agency on September 11, 2014.**

## BACKGROUND/DISCUSSION

Attached please find the next six month period proposed ROPS. This fifth ROPS will form the basis for the County's distribution of property taxes to the City as Successor Agency to pay enforceable obligations for the period January through June 2014. Assembly Bill 1484 requires the ROPS to be submitted to the State and County in form approved by the Oversight Board. The proposed ROPS was approved by the Successor Agency on September 11, 2013.

Included on this ROPS are two types of obligations that staff wants to point out to the Board:

- New loan agreements (line items 65-68), two of which the Oversight Board is considering under separate agenda items at this (September 17) Board meeting.
- Updated line items 51 and 52 for the accrued unfunded retirement and retiree health obligations that reflect the results of the Bartel actuarial report being transmitted to the Board under a separate agenda item at today's meeting. These two ROPS line items assume equal payments of $168,800 (for retirement obligations) and $197,600 (for retiree health obligations) over five ROPS time periods.

## CONCLUSION

Adoption of this resolution and schedule will fulfill the requirements of Health and Safety Code Section 34177(l) regarding adoption of a ROPS for the period January through June 2014.

By: _____
Jim Steele
Finance Director

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

Attachments: Resolution
Exhibit A - Draft ROPS
Exhibit B - Support for Administrative Costs Appearing on the Draft ROPS
Exhibit C - Support for Other Revenues Appearing on the Draft ROPS

JS/MVD:ed
2147409.1

**RESOLUTION NO. _____**

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

**APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY THROUGH JUNE 2014, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(l)**

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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 prepare 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 which identifies a source of payment for each such obligation from among (i) bond proceeds, (ii) reserve balances, (iii) the administrative cost allowance, (iv) revenues from rents, concessions, interest earnings, loan repayments, or asset sales, or (v) the Redevelopment Property Tax Trust Fund established by the County Auditor-Controller to the extent no other source of funding is available or payment from property tax is contractually or statutorily required; and

WHEREAS, the draft ROPS must be concurrently submitted to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance and the Oversight Board established to review Successor Agency actions; and

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency also must prepare a proposed administrative budget and submit it to the Oversight Board for approval, including the estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period and proposed sources of payment for those costs; and

WHEREAS, once the ROPS is approved by the Oversight Board, the ROPS must be posted on the Successor Agency's website and transmitted to the County Auditor-Controller, the State Department of Finance, and the State Controller.

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

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

2. The Recognized Obligation Payment Schedule (ROPS) and administrative budget for the period January 1 through June 30, 2014 attached hereto as Exhibit A are hereby approved.

3. The Finance Director is authorized to modify the ROPS to correct errors and provide clarifications consistent with requirements of the Department of Finance and the intent of this Resolution.

4. The City Manager or designee is authorized and directed to take all actions necessary to implement this Resolution, including without limitation, the submittal of the ROPS to the County Auditor-Controller, the County Administrative Officer, the State Department of Finance, and the State Controller, and the posting of this Resolution and the ROPS on the Successor Agency's website.

5. The Oversight Board Chairperson or Vice Chairperson in his absence is hereby authorized to certify the ROPS.

* * * * *

I hereby certify that the foregoing Resolution was regularly introduced and adopted by the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of South San Francisco at a special meeting held on the 17th of September, 2013 by the following vote:

AYES: _____

_____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST: _____
City Clerk

2147387.1

# Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

**Name of Successor Agency:** South San Francisco

**Name of County:** San Mateo

| | Current Period Requested Funding for Outstanding Debt or Obligation | Six-Month Total |
|---|---|---|
| **A** | **Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):** | **$ 3,619,532** |
| B | Bond Proceeds Funding (ROPS Detail) | 2,381,532 |
| C | Reserve Balance Funding (ROPS Detail) | - |
| D | Other Funding (ROPS Detail) | 1,238,000 |
| **E** | **Enforceable Obligations Funded with RPTTF Funding (F+G):** | **$ 8,833,334** |
| F | Non-Administrative Costs (ROPS Detail) | 8,577,180 |
| G | Administrative Costs (ROPS Detail) | 256,154 |
| **H** | **Current Period Enforceable Obligations (A+E):** | **$ 12,452,866** |

| | Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | |
|---|---|---|
| I | Enforceable Obligations funded with RPTTF (E): | 8,833,334 |
| J | Less Prior Period Adjustment (Report of Prior Period Adjustments Column U) | (47,249) |
| **K** | **Adjusted Current Period RPTTF Requested Funding (I-J)** | **$ 8,786,085** |

| | County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding | |
|---|---|---|
| L | Enforceable Obligations funded with RPTTF (E): | 8,833,334 |
| M | Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB) | - |
| **N** | **Adjusted Current Period RPTTF Requested Funding (L-M)** | **8,833,334** |

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

| Neil Cullen | Oversight Board Chairman |
|---|---|
| Name | Title |
| /s/ | |
| Signature | Date |

## Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

| A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fund Sources | | | | | | | | |
| | | Bond Proceeds | | Reserve Balance | | Other | RPTTF | | | |
| | Fund Balance Information by ROPS Period | Bonds Issued on or before 12/31/10 | Bonds Issued on or after 01/01/11 | Review balances retained for approved enforceable obligations | RPTTF balances retained for bond reserves | Rent, Grants, Interest, Etc. | Non-Admin | Admin | Total | Comments |
| ROPS III Actuals (01/01/13 - 6/30/13) | | | | | | | | | | |
| 1 | **Beginning Available Fund Balance (Actual 01/01/13)** Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs) | 2,381,532 | | | | - | | | $ 2,381,532 | |
| 2 | **Revenue/Income (Actual 06/30/13)** Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller | - | | | | 1,020,557 | | | $ 1,020,557 | |
| 3 | **Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13)** Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs | - | | | | 1,466,405 | | | $ 1,466,405 | |
| 4 | **Retention of Available Fund Balance (Actual 06/30/13)** Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III | 2,381,532 | | | | | - | | $ 2,381,532 | Oyster Point Ventures escrow account approved by OSB Resolution 13-2013 on 5/21/2013. Approved by DOF 07/01/2013. ($12,000,000.00) Bond retirement escrow account approved by OSB Reso 11-2013 on 4/16/2013. Not called for review by DOF (54,557,519.00). $4,692,940 is deposited in a Bond Reserve account with the Bank of New York as of 6/30/13 as required by the 2006 bond covenants. That fund balance may be used, along with the bond retirement funds mentioned above to call the 2006 bonds on the first call date of 9/1/16. |
| 5 | **ROPS III RPTTF Prior Period Adjustment** Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs. | No entry required | | | | | 45,873 | 1,376 | $ 47,249 | |
| 6 | **Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)** | $ - | $ - | $ - | $ - | $ (445,848) | $ - | $ - | $ (493,097) | |
| ROPS 13-14A Estimate (07/01/13 - 12/31/13) | | | | | | | | | | |
| 7 | **Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)** | $ 2,381,532 | $ - | $ - | $ - | $ (445,848) | $ 45,873 | $ 1,376 | $ 1,935,684 | |
| 8 | **Revenue/Income (Estimate 12/31/13)** Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller | - | | | | 1,300,000 | | | $ 1,300,000 | |
| 9 | **Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)** | - | | | | 1,300,000 | | | $ 1,300,000 | |
| 10 | **Retention of Available Fund Balance (Estimate 12/31/13)** Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A | - | | | | | - | - | $ - | Oyster Point Ventures escrow account approved by OSB Resolution 13-2013 on 5/21/2013. Approved by DOF 07/01/2013. Additional $3,000,000 deposited in ROPS 13-14A for a total of 15,000,000.00) Bond retirement escrow account approved by OSB Reso 11-2013 on 4/16/2013. Not called for review by DOF (54,557,519.00). $4,692,940 is deposited in a Bond Reserve account with the Bank of New York as of 6/30/13 as required by the 2006 bond covenants. That fund balance may be used, along with the bond retirement funds mentioned above to call the 2006 bonds on the first call date of 9/1/16. |
| 11 | **Ending Estimated Available Fund Balance (7 + 8 - 9 -10)** | $ 2,381,532 | $ - | $ - | $ - | $ (445,848) | $ 45,873 | $ 1,376 | $ 1,935,684 | |

**Recognized Obligation Payment Schedule (ROPS ) 13-14B - ROPS Detail**
**January 1, 2014 through June 30, 2014**
(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Funding Source | | | | | |
| | | | | | | | | | | Non-Redevelopment Property Tax Trust Fund (Non-RPTTF) | | | RPTTF | | |
| Item # | Project Name / Debt Obligation | Obligation Type | Contract/Agreement Execution Date | Contract/Agreement Termination Date | Payee | Description/Project Scope | Project Area | Total Outstanding Debt or Obligation | Retired | Bond Proceeds | Reserve Balance | Other Funds | Non-Admin | Admin | Six-Month Total |
| | | | | | | | | $ 213,700,300 | | $ 2,381,532 | $ - | $ 1,238,000 | $ 8,577,180 | $ 256,154 | $ 12,452,866 |
| 1 | Debt Serv Principal COPs | Bonds Issued On or Before 12/31/10 | 01/01/1999 | 08/30/2012 | Bank of New York | 1999 COPs Conference Center | Merged | - | Y | | | | | | $ - |
| 2 | Debt Serv Interest COPs | Bonds Issued On or Before 12/31/10 | 01/01/1999 | 08/30/2012 | Bank of New York | 1999 COPs Conference Center | Merged | - | Y | | | | | | $ - |
| 3 | Debt Serv Principal Tax Alloc Bonds | Bonds Issued On or Before 12/31/10 | 01/01/2006 | 09/01/2035 | Bank of New York | 2006 Tax Alloc Bonds (TABs) | Merged | 60,060,000 | N | | | | | | $ - |
| 4 | Debt Serv Interest Tax Alloc Bonds | Bonds Issued On or Before 12/31/10 | 01/01/2006 | 09/01/2035 | Bank of New York | 2006 Tax Alloc Bonds (TABs) | Merged | 39,999,156 | N | | | 1,238,000 | 232,222 | | $ 1,470,222 |
| 5 | Debt Serv Principal HUD 108 Loans | Third-Party Loans | 01/01/2001 | 07/20/2012 | Bank of New York | HUD 108 Loans | Merged | - | Y | | | | | | $ - |
| 6 | Debt Serv Interest HUD 108 Loans | Third-Party Loans | 01/01/2001 | 07/20/2012 | Bank of New York | HUD 108 Loans | Merged | - | Y | | | | | | $ - |
| 7 | Debt Serv Principal Hsg Rev Bonds | Revenue Bonds Issued After 12/31/10 | 01/01/1999 | 09/01/2018 | Bank of New York | 1999 Housing Revenue Bonds | Merged | 1,290,000 | N | | | | | | $ - |
| 8 | Debt Serv Interest Hsg Rev Bonds | Revenue Bonds Issued After 12/31/10 | 01/01/1999 | 09/01/2018 | Bank of New York | 1999 Housing Revenue Bonds | Merged | 200,500 | N | | | | 32,250 | | $ 32,250 |
| 9 | Bond Admin/Disclosure Costs COPs | Fees | 01/01/1999 | 08/30/2012 | Bank of New York/Willdan | Costs to administer the bonds | Merged | - | Y | | | | | | $ - |
| 10 | Bond Admin/Disclosure Costs TABs | Fees | 01/01/2006 | 09/01/2035 | Bank of New York/Willdan | Costs to administer the bonds | Merged | 22,000 | N | | | | 5,500 | | $ 5,500 |
| 11 | Bond Admin/Disc Costs Hsg Bonds | Fees | 01/01/1999 | 09/01/2018 | Bank of New York/Willdan | Costs to administer the housing bonds | Merged | 25,000 | N | | | | 2,500 | | $ 2,500 |
| 12 | Oyster Point Ventures DDA | OPA/DDA/Constructi on | 03/23/2011 | 11/11/2026 | Oyster Pt Ventures, LLC | Section 3.4.1 of DDA-infrastr. required | Merged | 14,463,230 | N | | | | 3,000,000 | | $ 3,000,000 |
| 13 | Oyster Point Ventures DDA | OPA/DDA/Constructi on | 03/23/2011 | 11/11/2026 | Various contractors/staff | Secs. 4.5 closg/escrow; 5.2 environ indemnification; 5.3 methane monitoring | Merged | 20,100,000 | N | | | | | | $ - |
| 14 | Oyster Point Ventures DDA | Project Management Costs | 03/23/2011 | 11/11/2026 | Legal/Staff costs | Soft project management costs | Merged | 1,367,719 | N | | | | 18,500 | | $ 18,500 |
| 15 | Harbor District Agreement | Improvement/Infrastr ucture | 03/25/2011 | 11/11/2026 | Harbor District | Secs. 6.1 imprvmts; 9 cost reimbrsmt. | Merged | 2,000,000 | N | | | | 2,000,000 | | $ 2,000,000 |
| 16 | Harbor District Agreement | Improvement/Infrastr ucture | 03/25/2011 | 11/11/2026 | Harbor District | Secs. 5.0 lease rev; 7.0 temp. office | Merged | 1,793,248 | N | | | | | | $ - |
| 17 | Harbor District Agreement | Project Management Costs | 03/25/2011 | 11/11/2026 | Legal/Staff costs | Soft project management costs | Merged | 820,785 | N | | | | 18,000 | | $ 18,000 |
| 18 | Miller Parking Structure (pf1012) | Improvement/Infrastr ucture | 05/15/2009 | 06/08/2012 | Various contractors/staff | Finish project and pay retentions | Merged | - | Y | | | | | | $ - |
| 19 | 418 Linden Housing Dev. (pf1027) | Improvement/Infrastr ucture | 01/13/2010 | 06/29/2012 | Brookwood Group | Contracted project work | Merged | - | Y | | | | | | $ - |
| 20 | 418 Linden Housing Dev. | Project Management Costs | 01/13/2010 | 06/29/2012 | Legal/Staff costs | Soft project management costs | Merged | - | Y | | | | | | $ - |
| 21 | Train Station Imprvmnts Ph 1(pf1002) | Remediation | 03/11/2009 | 12/31/2014 | TechAccutite/Wisley Ham | Contracted work-site remediation | Merged | 95,085 | N | | | | 95,085 | | $ 95,085 |
| 22 | Train Station Imprvmnts Phase 1 | Project Management Costs | 03/11/2009 | 12/31/2014 | Staff Costs | Soft project management costs | Merged | 16,759 | N | | | | 16,759 | | $ 16,759 |
| 23 | Train Station Imprvmnts Phase 2 | Remediation | 12/09/2009 | 12/31/2014 | Various contractors | Site remediation per Cal Trans Agrmt. | Merged | 663,000 | N | | | | 150,000 | | $ 150,000 |
| 24 | Train Station Imprvmnts Phase 2 | Project Management Costs | 12/09/2009 | 12/31/2014 | Legal/Staff costs | Soft project management costs | Merged | 152,342 | N | | | | 150,000 | | $ 150,000 |
| 25 | Two Housing Replacement Units | Miscellaneous | 05/13/2009 | 06/30/2013 | Future Developer | Replacement housing obligation | Merged | - | Y | | | | | | $ - |
| 26 | Two Housing Replacement Units | Miscellaneous | 05/13/2009 | 06/30/2013 | Legal/Staff costs | Soft project management costs | Merged | - | Y | | | | | | $ - |
| 27 | Shearwater/Bay West OPA | Project Management Costs | 11/21/2000 | 06/30/2013 | Staff Costs | Soft project management costs | Merged | - | Y | | | | | | $ - |
| 28 | Gateway OPA | Project Management Costs | 11/19/1981 | 06/30/2013 | Staff Costs | Soft project management costs | Merged | - | Y | | | | | | $ - |

**Recognized Obligation Payment Schedule (ROPS ) 13-14B - ROPS Detail**
**January 1, 2014 through June 30, 2014**
(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Funding Source | | | | | |
| | | | | | | | | | | Non-Redevelopment Property Tax Trust Fund (Non-RPTTF) | | | RPTTF | | |
| Item # | Project Name / Debt Obligation | Obligation Type | Contract/Agreement Execution Date | Contract/Agreement Termination Date | Payee | Description/Project Scope | Project Area | Total Outstanding Debt or Obligation | Retired | Bond Proceeds | Reserve Balance | Other Funds | Non-Admin | Admin | Six-Month Total |
| 29 | C.I.D. Housing Access | Miscellaneous | 04/13/2011 | 05/31/2012 | C.I.D. Housing Access | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 30 | Neigh. Servs. Ctr.(NPNSC) HH | Miscellaneous | 04/13/2011 | 05/31/2012 | Neigh. Servs. Ctr. | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 31 | Rebldng Together-Pen.-Natl R.Day | Miscellaneous | 04/13/2011 | 05/31/2012 | Rebuilding Together-Pen. | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 32 | Rebldng Together-Pen.-Safe Home | Miscellaneous | 04/13/2011 | 05/31/2012 | Rebuilding Together-Pen. | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 33 | HIP Housing-Home Sharing Prog | Miscellaneous | 04/13/2011 | 05/31/2012 | HIP Housing | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 34 | Shelter Network-Crossroads | Miscellaneous | 04/13/2011 | 05/31/2012 | Shelter Network | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 35 | Shelter Network-Maple Street | Miscellaneous | 04/13/2011 | 05/31/2012 | Shelter Network | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 36 | Samaritan House-Safe Harbor | Miscellaneous | 07/01/2010 | 06/30/2011 | Samaritan House | Grant to non-profit from 10-11 | Merged | - | Y | | | | | | $ - |
| 37 | Samaritan House-Safe Harbor | Miscellaneous | 04/13/2011 | 05/31/2012 | Samaritan House | Grant to non-profit from 11-12 | Merged | - | Y | | | | | | $ - |
| 38 | Sitike Counseling Center | Miscellaneous | 04/13/2011 | 05/31/2012 | Sitike Counseling Center | Grant to non-profit | Merged | - | Y | | | | | | $ - |
| 39 | Mgmt. of grants in rows 38-47 above | Project Management Costs | 04/13/2011 | 12/31/2012 | Staff costs | Soft project management costs | Merged | - | Y | | | | | | $ - |
| 40 | Station Area/Planning LU Program | Project Management Costs | 02/09/2011 | 08/07/2014 | Staff Costs | Match funding for State grant (101102) | Merged | 50,000 | N | | | | 50,000 | | $ 50,000 |
| 41 | Mid Peninsula Loan | Miscellaneous | 11/19/2008 | 01/06/2012 | Union Bank (for Mid Pen) | Loan for affordable housing project | Merged | - | Y | | | | | | $ - |
| 42 | Buon Gusto Ristorante Loan | Miscellaneous | 12/21/2010 | 06/30/2013 | Ristorante Buon Gusto | Loan for commercial expansion project | Merged | - | Y | | | | | | $ - |
| 43 | Reserve for Existing Claims | Litigation | 07/08/2011 | 08/01/2013 | Claimants | Reserves for costs for existing litigation | Merged | - | Y | | | | | | $ - |
| 44 | Local Tax Compliance/Rptg. Services | Fees | 06/24/2011 | 12/31/2012 | Muni Financial Services | Contracted roll correction work | Merged | - | Y | | | | | | $ - |
| 45 | Maintenance of Non-Hsg Properties | Property Maintenance | 02/01/2012 | 06/30/2014 | Various contractors | Rehab, repair, maintenance, & utilities | Merged | 3,631,776 | N | | | | 80,000 | | $ 80,000 |
| 46 | Maintenance of Non-Hsg Properties | Property Maintenance | 02/01/2012 | 06/30/2014 | Legal/Staff costs | Soft project management costs | Merged | 1,396,807 | N | | | | 80,000 | | $ 80,000 |
| 47 | Administration Costs | Admin Costs | 02/01/2012 | 06/30/2014 | Various contractors/misc | Costs to administer Successor Agency | Merged | 1,400,000 | N | | | | | 56,154 | $ 56,154 |
| 48 | Administration Costs | Admin Costs | 02/01/2012 | 06/30/2014 | Legal/Staff costs | Costs to administer Successor Agency | Merged | 1,400,000 | N | | | | | 200,000 | $ 200,000 |
| 49 | Property Disposition Costs | Property Dispositions | 02/01/2012 | 06/30/2014 | Various contractors | Initial envir. testing, noticing, listing costs | Merged | 3,000,000 | N | | | | 1,537,500 | | $ 1,537,500 |
| 50 | Property Disposition Costs | Property Dispositions | 02/01/2012 | 06/30/2014 | Legal/Staff costs | Soft project management costs | Merged | 514,378 | N | | | | 275,000 | | $ 275,000 |
| 51 | Accrued PERS Pension Obligations | Unfunded Liabilities | 01/01/1980 | 06/30/2016 | CalPERS | Costs incurred through 02/01/2012 | Merged | 844,000 | N | | | | 168,800 | | $ 168,800 |
| 52 | Accrued Retiree Health Obligations | Unfunded Liabilities | 01/01/1980 | 06/30/2016 | CalPERS Retiree Benefit Trust (CERBT) | Costs incurred through 02/01/2012 | Merged | 988,000 | N | | | | 197,600 | | $ 197,600 |
| 53 | Redemption 1999 Housing Rev Bonds | Bonds Issued On or Before 12/31/10 | 05/08/2012 | 12/31/2012 | Bank of New York | Early payoff rows 8 & 9 | Merged | - | Y | | | | | | $ - |
| 54 | Prepay HUD 108 Loans&1999 COPs | Bonds Issued On or Before 12/31/10 | 05/08/2012 | 08/30/2012 | Bank of New York | Early payoff rows 2, 3, 6, & 7 | Merged | - | Y | | | | | | $ - |
| 55 | Fund Escrow Acct to call 2006 Tax Allocation Bonds | Miscellaneous | 05/08/2012 | 09/01/2016 | Bank of New York | Fund escrow acct to call rows 4 & 5 at first redemption date of 9/1/2016 | Merged | 54,557,519 | N | | | | | | $ - |
| 56 | LMIHF and Non Hsg Fund Audits | Dissolution Audits | 09/10/2012 | 06/30/2013 | Badawi & Associates | New audits required by AB1484 | Merged | - | Y | | | | | | $ - |
| 57 | 1999 Housing Bond Proceeds | Bonds Issued On or Before 12/31/10 | 10/23/2013 | 12/31/2014 | Future Developer | To be used on low/mod housing dev | Merged | 2,381,532 | N | 2,381,532 | | | | | $ 2,381,532 |
| 58 | Previously unfunded Admin costs from January through June 2012 ROPS | Admin Costs | 01/01/2012 | 06/30/2012 | Legal/Staff costs and various contractors | Previously unfunded Admin costs from January through June 2012 ROPS | Merged | - | Y | | | | | | $ - |
| 59 | Audit Services | Dissolution Audits | 03/29/2012 | 06/30/2013 | Maze & Associates | Annual auditing requirements | Merged | - | Y | | | | | | $ - |
| 60 | Loan Agreement with City of SSF-legal settlement costs | Prior Period RPTTF Shortfall | 02/12/2012 | 08/01/2013 | City of South San Francisco | Fund legal agreement payments in excess of ROPS III estimate | Merged | - | Y | | | | | | $ - |
| 61 | Loan Agreement with City of SSF-additional debt service interest | Prior Period RPTTF Shortfall | 02/12/2012 | 08/01/2013 | City of South San Francisco | Fund additional cost of TABS debt service interest payment in excess of ROPS II estimate | Merged | - | Y | | | | | | $ - |

**Recognized Obligation Payment Schedule (ROPS ) 13-14B - ROPS Detail**
**January 1, 2014 through June 30, 2014**
(Report Amounts in Whole Dollars)

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Funding Source | | | | | |
| | | | | | | | | | | Non-Redevelopment Property Tax Trust Fund (Non-RPTTF) | | | RPTTF | | |
| Item # | Project Name / Debt Obligation | Obligation Type | Contract/Agreement Execution Date | Contract/Agreement Termination Date | Payee | Description/Project Scope | Project Area | Total Outstanding Debt or Obligation | Retired | Bond Proceeds | Reserve Balance | Other Funds | Non-Admin | Admin | Six-Month Total |
| 62 | Loan Agreement with City of SSF-accounts payable | Prior Period RPTTF Shortfall | 02/12/2012 | 08/01/2013 | City of South San Francisco | Fund additional cost of accounts receivable for costs incurred during ROPS I via accounts payable, but paid during ROPS II. | Merged | - | Y | | | | | | $ - |
| 63 | Loan Agreement with City of SSF-ROPS I costs incurred during ROPS II | Prior Period RPTTF Shortfall | 02/13/2013 | 08/01/2013 | City of South San Francisco | Fund costs shown on ROPS I paid during ROPS II. | Merged | - | Y | | | | | | $ - |
| 64 | Actuarial Consultant | Miscellaneous | 01/01/2013 | 06/30/2013 | Consultant TBD | To calculate obligations listed in rows 51 and 52 | Merged | - | Y | | | | | | $ - |
| 65 | Loan Agreement with City of SSF-additional payment to contractor | Prior Period RPTTF Shortfall | 04/16/2013 | 01/31/2014 | City of South San Francisco | Fund additional payment to contractor in excess of ROPS III cost estimate | Merged | 5,446 | N | | | | 5,446 | | $ 5,446 |
| 66 | Loan Agreement with City of SSF-additional payment to lender | Prior Period RPTTF Shortfall | 07/16/2013 | 03/03/2014 | City of South San Francisco | Fund additional payment to lender in excess of ROPS I estimate that was incurred during ROPS II. | Merged | 7,624 | N | | | | 7,624 | | $ 7,624 |
| 67 | Loan Agreement with City of SSF-additional ROPS III costs in excess of approved cost estimates | Prior Period RPTTF Shortfall | 09/17/2013 | 06/30/2014 | City of South San Francisco | Fund costs incurred during ROPS III in excess of original cost estimates | Merged | 8,546 | N | | | | 8,546 | | $ 8,546 |
| 68 | Loan Agreement with City of SSF-additional ROPS III costs in excess of other revenue estimates | Prior Period RPTTF Shortfall | 09/17/2013 | 06/30/2014 | City of South San Francisco | Fund costs incurred during ROPS III in excess of other revenue estimates | Merged | 445,848 | N | | | | 445,848 | | $ 445,848 |

**Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments**
Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
(Report Amounts in Whole Dollars)

**ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA):** Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

**ROPS III CAC PPA:** To be completed by the CAC upon submittal of the ROPS 13-14B by the SA to Finance and the CAC

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | AA | AB |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-RPTTF Expenditures | | | | | | | | RPTTF Expenditures | | | | | | | | | | | | | | | | | | |
| | | LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances) | | Bond Proceeds | | Reserve Balance (Includes Other Funds and Assets DDR retained balances) | | Other Funds | | Non-Admin | | | | | Admin | | | | | Net SA Non-Admin and Admin PPA | Non-Admin CAC | | | Admin CAC | | | Net CAC Non-Admin and Admin PPA |
| Item # | Project Name / Debt Obligation | Authorized | Actual | Authorized | Actual | Authorized | Actual | Authorized | Actual | Authorized | Available RPTTF (ROPS III distributed + all other available as of 1/1/13) | Net Lesser of Authorized/ Available | Actual | Difference (If M is less than N, the difference is zero) | Authorized | Available RPTTF (ROPS III distributed + all other available as of 1/1/13) | Net Lesser of Authorized / Available | Actual | Difference (If R is less than S, the difference is zero) | Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T)) | Net Lesser of Authorized / Available | Actual | Difference (If V is less than W, the difference is zero) | Net Lesser of Authorized / Available | Actual | Difference (If Y is less than Z, the difference is zero) | Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA)) |
| | | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,466,405 | $ 1,466,405 | $ 3,450,947 | $ 3,450,947 | $ 3,450,947 | $ 3,413,620 | $ 45,873 | $ 103,528 | $ 103,528 | $ 103,528 | $ 102,152 | $ 1,376 | $ 47,249 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 1 | Debt Serv Principal COPs | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 2 | Debt Serv Interest COPs | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 3 | Debt Serv Principal Tax Alloc Bonds | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 4 | Debt Serv Interest Tax Alloc Bonds | | | | | | | 1,466,405 | 1,466,405 | 34,717 | 34,717 | $ 34,717 | 34,717 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 5 | Debt Serv Principal HUD 108 Loans | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 6 | Debt Serv Interest HUD 108 Loans | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 7 | Debt Serv Principal Hsg Rev Bonds | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 8 | Debt Serv Interest Hsg Rev Bonds | | | | | | | | | 37,530 | 37,530 | $ 37,530 | 37,530 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 9 | Bond Admin/Disclosure Costs COPs | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 10 | Bond Admin/Disclosure Costs TABs | | | | | | | | | 5,000 | 5,000 | $ 5,000 | 7,625 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 11 | Bond Admin/Disc Costs Hsg Bonds | | | | | | | | | 2,500 | 2,500 | $ 2,500 | 4,108 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 12 | Oyster Point Ventures DDA | | | | | | | | | 3,000,000 | 3,000,000 | $ 3,000,000 | 3,000,000 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 13 | Oyster Point Ventures DDA | | | | | | | | | 18,000 | 18,000 | $ 18,000 | 7,855 | $ 10,145 | | | $ - | | $ - | $ 10,145 | | | $ - | | | $ - | $ - |
| 14 | Oyster Point Ventures DDA | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 15 | Harbor District Agreement | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 16 | Harbor District Agreement | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 17 | Harbor District Agreement | | | | | | | | | 18,000 | 18,000 | $ 18,000 | 122 | $ 17,878 | | | $ - | | $ - | $ 17,878 | | | $ - | | | $ - | $ - |
| 18 | Miller Parking Structure (pf1012) | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 19 | 418 Linden Housing Dev. (pf1027) | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 20 | 418 Linden Housing Dev. | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 21 | Train Station Imprvmnts Ph 1(pf1002) | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 22 | Train Station Imprvmnts Phase 1 | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 23 | Train Station Imprvmnts Phase 2 | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 24 | Train Station Imprvmnts Phase 2 | | | | | | | | | 1,200 | 1,200 | $ 1,200 | | $ 1,200 | | | $ - | | $ - | $ 1,200 | | | $ - | | | $ - | $ - |
| 25 | Two Housing Replacement Units | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 26 | Two Housing Replacement Units | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 27 | Shearwater/Bay West OPA | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 28 | Gateway OPA | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 29 | C.I.D. Housing Access | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 30 | Neigh. Servs. Ctr.(NPNSC) HH | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 31 | Rebldng Together-Pen.-Natl R.Day | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 32 | Rebldng Together-Pen.-Safe Home | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 33 | HIP Housing-Home Sharing Prog | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 34 | Shelter Network-Crossroads | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 35 | Shelter Network-Maple Street | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 36 | Samaritan House-Safe Harbor | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 37 | Samaritan House-Safe Harbor | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 38 | Sitike Counseling Center | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 39 | Mgmt. of grants in rows 38-47 above | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 40 | Station Area/Planning LU Program | | | | | | | | | 30,000 | 30,000 | $ 30,000 | 18,588 | $ 11,412 | | | $ - | | $ - | $ 11,412 | | | $ - | | | $ - | $ - |
| 41 | Mid Peninsula Loan | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 42 | Buon Gusto Ristorante Loan | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 43 | Reserve for Existing Claims | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 44 | Local Tax Compliance/Rptg. Services | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 45 | Maintenance of Non-Hsg Properties | | | | | | | | | 45,000 | 45,000 | $ 45,000 | 48,343 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 46 | Maintenance of Non-Hsg Properties | | | | | | | | | 54,000 | 54,000 | $ 54,000 | 54,970 | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 47 | Administration Costs | | | | | | | | | | | $ - | | $ - | 31,058 | 31,058 | $ 31,058 | 31,058 | $ - | $ - | | | $ - | | | $ - | $ - |
| 48 | Administration Costs | | | | | | | | | | | $ - | | $ - | 72,470 | 72,470 | $ 72,470 | 71,094 | $ 1,376 | $ 1,376 | | | $ - | | | $ - | $ - |
| 49 | Property Disposition Costs | | | | | | | | | 90,000 | 90,000 | $ 90,000 | 85,157 | $ 4,843 | | | $ - | | $ - | $ 4,843 | | | $ - | | | $ - | $ - |
| 50 | Property Disposition Costs | | | | | | | | | 45,000 | 45,000 | $ 45,000 | 44,605 | $ 395 | | | $ - | | $ - | $ 395 | | | $ - | | | $ - | $ - |
| 51 | Accrued PERS Pension Obligations | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |
| 52 | Accrued Retiree Health Obligations | | | | | | | | | | | $ - | | $ - | | | $ - | | $ - | $ - | | | $ - | | | $ - | $ - |

**Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments**
Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
(Report Amounts in Whole Dollars)

**ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA):** Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

**ROPS III CAC PPA:** To be completed by the CAC upon submittal of the ROPS 13-14B by the SA to Finance and the CAC

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z | AA | AB |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-RPTTF Expenditures | | | | | | | | RPTTF Expenditures | | | | | | | | | | | | | | | | | | |
| | | LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances) | | Bond Proceeds | | Reserve Balance (Includes Other Funds and Assets DDR retained balances) | | Other Funds | | Non-Admin | | | | | Admin | | | | | Net SA Non-Admin and Admin PPA | Non-Admin CAC | | | Admin CAC | | | Net CAC Non-Admin and Admin PPA |
| Item # | Project Name / Debt Obligation | Authorized | Actual | Authorized | Actual | Authorized | Actual | Authorized | Actual | Authorized | Available RPTTF (ROPS III distributed + all other available as of 1/1/13) | Net Lesser of Authorized/ Available | Actual | Difference (If M is less than N, the difference is zero) | Authorized | Available RPTTF (ROPS III distributed + all other available as of 1/1/13) | Net Lesser of Authorized / Available | Actual | Difference (If R is less than S, the difference is zero) | Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T)) | Net Lesser of Authorized / Available | Actual | Difference (If V is less than W, the difference is zero) | Net Lesser of Authorized / Available | Actual | Difference (If Y is less than Z, the difference is zero) | Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA)) |
| | | $ - | $ - | $ - | $ - | $ - | $ - | $ 1,466,405 | $ 1,466,405 | $ 3,450,947 | $ 3,450,947 | $ 3,450,947 | $ 3,413,620 | $ 45,873 | $ 103,528 | $ 103,528 | $ 103,528 | $ 102,152 | $ 1,376 | $ 47,249 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 53 | Redemption 1999 Housing Rev Bonds | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 54 | Prepay HUD 108 Loans&1999 COPs | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 55 | Fund Escrow Acct to call 2006 Tax Allocation Bonds | | | | | | | | | 50,000 | 50,000 | $ 50,000 | 50,000 | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 56 | LMIHF and Non Hsg Fund Audits | | | | | | | | | 20,000 | 20,000 | $ 20,000 | 20,000 | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 57 | 1999 Housing Bond Proceeds | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 58 | Previously unfunded Admin costs from January through June 2012 ROPS | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 59 | Audit Services | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 60 | Loan Agreement with City of SSF-legal settlement costs | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 61 | Loan Agreement with City of SSF-additional debt service interest | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 62 | Loan Agreement with City of SSF- accounts payable | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 63 | Loan Agreement with City of SSF- ROPS I costs incurred during ROPS II | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |
| 64 | Actuarial Consultant | | | | | | | | | | | $ - | | $ - | | | | | $ - | $ - | | | $ - | | | $ - | $ - |

## Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

| Item # | Notes/Comments |
|---|---|
| 3, 4, 10 | While these bonds are due no later than 9/1/35, and if not paid off until then would in fact end up paying approximately $60m in principal and $40m as shown on the ROPS, the Oversight Board is working to pay the bonds off at their earliest call date of 9/1/16 and a reserve has been built to accomplish this (see Row 55 note below). |
| 12 | On 5/8/12 the OB approved funding an escrow account to fund this obligation. There is $15M approved for this escrow account from prior ROPS with this payment increasing the escrow account to $18M. |
| 47, 48 | The Total Outstanding Obligation column must be populated with a dollar amount. Estimating certain obligations, such as total remaining administrative costs is challenging at this point. This estimate currently shows $350,000 per year for 8 more years, equally divided between the two ROPS rows. |
| 51, 52 | Certification of unfunded retirement and retiree health costs and adoption of payment plan per Oversight Board Resolution No. |
| 55 | On 05/08/2012 the Oversight Board approved funding an escrow account to call these bonds at the first redemption date of 9/1/16. There is currently approximately $54.5 million in the escrow account. Due to expected interest earnings and the amount of the bond reserve to be applied on 9/1/16, no further contributions are anticipated. Final bond payoff on 9/1/16 is anticipated to be $58,175,509.38. |
| 57 | The 12/18/12 DOF ROPS III determination letter says in part, "upon receiving a Finding of Completion from Finance, these items will become enforceable pursuant to HSC 34191.4 (c).)" SSF received the Finding of Completion from DOF on 5/24/13. |
| | |
| | |
| | |
| | |
| | |
| | |
| | NOTES ON PRIOR PERIOD ADJUSTMENTS PAGE |
| 4 | Other funding was used to pay a portion of this obligation. While other funding was expected to provide $1,466,405 in revenue to pay a portion of this obligation, actual other revenues received were only $1,020,557. The difference of $445,848 is shown on ROPS 13-14B as a new obligation on Row 68 via a loan agreement with the City. |
| 10, 11 | These actual expenses exceeded the ROPS estimate and are now shown as a new obligation on ROPS 13-14B as a new obligation on Row 67 via a loan agreement with the City |
| 45, 46 | These actual expenses exceeded the ROPS estimate and are now shown as a new obligation on ROPS 13-14B as a new obligation on Row 67 via a loan agreement with the City |
| | |
| | |
| | |

**EXHIBIT B**

# Successor Agency Administrative Budget
## ROPS 13-14B
## January - June 2014

| Professional & Specialized Services | | |
|---|---|---|
| | | |
| | Staff Consultant (Armando Sanchez) | $25,000.00 |
| | Legal Consultants (Meyers Nave & Craig Labadie | $50,000.00 |
| | Subtotal | $75,000.00 |
| Supplies and Services | Meeting expenses, office supplies, postage, copies, printing services, special noticing, various contractors, misc. | $56,154.00 |
| | Subtotal | $56,154.00 |

| Position Title | FTE | Employee Costs FY13-14 (Semi-Annual) |
|---|---|---|
| Director of Finance | 5% | $ 14,962.75 |
| Adminstrative Assistant II | 5% | $ 8,104.42 |
| Assistant City Manager | 5% | $ 16,705.75 |
| City Manager | 5% | $ 18,023.78 |
| Sr Accountant | 3% | $ 5,145.39 |
| ECD Coordinator | 4% | $ 7,813.49 |
| Management Analyst | 6% | $ 9,334.20 |
| RDA Manager | 4% | $ 8,870.33 |
| Accounting Assistant II | 5% | $ 5,535.97 |
| Sr Financial Analyst | 6% | $ 10,290.78 |
| Miscellaneous staff | 3% | $ 6,652.74 |
| City Clerk | 6% | $ 13,559.10 |
| Subtotal | 51% | 124,998.70 |

| GRAND TOTAL | $256,152.70 |
|---|---|

Notes:

1 -- Staff costs include payroll, benefits, and retirement costs

2 -- Payment source for six month period is from the Administrative Allowance

3 -- Maximum administrative costs are based on 3% the total estimated net new funding needs on the ROPS

Exhibit C

## SUPPORT FOR ESTIMATED OTHER REVENUES APPEARING ON THE JAN THROUGH JUN 2014 ROPS

### (Includes a True Up component for Other Revenues estimated on ROPS III also called ROPS 12-13B)

| Item # | Source of Revenue | Estimated Other Revenue Six Month Total |
|---|---|---|
| 1) | Rents | $ 233,100.00 |
| 2) | Interest on Investments | 1,000.00 |
| 3) | Interest from Business Loans | $ 12,786.00 |
| 4) | Principal from Business Loans | $ 18,738.00 |
| 5) | Repayment from Sewer Fund Interfund Loan | $ 972,360.00 |
| 6) | Estimated Repayment from Oyster Point Impact Fee Interfund Loan | 0.00 |
| | Totals | $ 1,237,984.00 |
| | Rounded Total Used on ROPS | $ 1,238,000.00 |