



REGULAR MEETING MINUTES

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

P.O. Box 711 (City Hall, 400 Grand Avenue)
South San Francisco, California 94083

CITY HALL
LARGE CONFERENCE ROOM, TOP FLOOR
400 GRAND AVENUE

TUESDAY, SEPTEMBER 17, 2013
2:00 P.M.

CALL TO ORDER

Time: 2:02 p.m.

ROLL CALL

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

Absent: Boardmember Addiego.

PLEDGE OF ALLEGIANCE

Led by: Boardmember Farrales.

AGENDA REVIEW

Chairman Cullen suggested that Item 2 be heard after Item 6.

Boardmembers agreed to follow this course of action and changed the order of their agenda to hear item 2 last.

PUBLIC COMMENTS

Nawied Amin understood that this Board would be dissolved sometime in 2016 and that there were currently five ROPS cycles remaining. He asked if this Oversight Board was taking any proactive measures to accelerate and to prepare for this process; if there were proactive measures in place or if this was merely a back and forth between California's DOF (Department of Finance) and this Oversight Board for the direction and the future of this board; what was going to happen to the affected parties/stakeholders after this board was dissolved; if there was any way the board could continue to reduce overhead/administrative costs; what the plan was for the Mission/ Chestnut area properties and at which phase in the process the Board was currently in.

Chairperson Cullen informed Nawied Amin that in accordance with the Brown Act, the Oversight Board could not take action on an item that was not on the agenda. Chairperson Cullen directed Assistant City Clerk Reodica to relay Mr. Amin's questions to staff.

MATTERS FOR CONSIDERATION

1. Motion to approve the Minutes of the Regular Meeting of August 20, 2013.

Motion- Boardmember Farrales/Second- Boardmember Scannell: to approve the Minutes of the Regular Meeting of August 20, 2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

3. Resolution No. 17-2013 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.

Assistant City Manager Van Duyn stated that this was a true-up from ROPS III.

Motion-Scannell/ Beaudin: to approve Resolution No. 17-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

4. Resolution No. 18-2013 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.

Assistant City Manager Van Duyn explained that this was basically anticipated fee revenue that was not reached as projected to retire 2006 RDA debt service for the overpass improvements. These fees would be forthcoming since developments had not materialized as planned.

Chairperson Cullen had asked Finance Director Steele if this would be included in the next ROPS but he replied that they would be taking a conservative approach and wait further.

Assistant City Manager Van Duyn agreed with Finance Director Steele's recommendation and anticipated that there would be several projects coming in during the current year. In response to a query by Boardmember Scannell, he confirmed that the loan would be fully repaid in early 2014.

Motion- Boardmember Scannell/Second- Boardmember Beaudin: to approve Resolution No. 18-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

5. Resolution No. 19-2013 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.

Chairperson Cullen stated that the Board approved the positions to be included in the unfunded obligations calculation and the number of ROPS to be used to reimburse the city. He and Finance Director Steele met with Actuary Pryor of Bartell Associates, who clarified that while on Page 2 of the report there is mention of an average of individual service to the RDA; his calculations were actually done on a per employee basis. Actuary Pryor also went through the calculations indicating that the city has an unfunded liability of over \$206 million, with the RDA portion comprising about 1%. Though he did not go through his actual calculations, Chairperson Cullen stated that he was satisfied and accepted that they were done in a reasonable manner using the available data.

In response to Boardmember Christensen's inquiry into the setting up of a trust, Assistant City Manager Van Duyn affirmed that staff was indeed setting up a trust.

City Attorney Mattas reported that the City Council approved the trust at their last meeting and set it up with these amounts as the initial funds. As part of their discretionary budget process, the Council would decide what to do. The Council has a designated reserve for retiree costs with \$12 million set aside, but have not moved those funds into the trust yet.

Boardmember Scannell noted that there were a lot of assumptions in this, especially in the health benefits, and asked if there would be true-up to the actual cost.

City Attorney Mattas replied that they could have Finance Director Steele respond at the next meeting. He continued to say that the city's overall OPEB was somewhere in the range of \$82-85 million and from a true-up standpoint it could very well end up being a higher cost but the RDA's portion was relatively small.

Boardmember Ernsberger agreed that the cost would probably be more if the city raised the cap on health insurance since it was currently frozen.

Motion- Boardmember Christensen/Second- Boardmember Farrales: to approve Resolution No.19-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

6. Resolution No. 20-2013 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).

Chairperson Cullen pointed out that the impact fees were not included in this particular ROPS.

Assistant City Manager Van Duyn advised that Management Analyst Aguilar would point out some changes made. The second page was formatted differently to reflect the DOF's current requirement to have fund balances shown. This was the primary change in the document.

Management Analyst Aguilar explained that the smallest change was made to the overall admin expenses to reflect \$102,000. On page 2, the new format was attributed to the DOF's request to show fund balances. Due to bond covenants, the actual bond reserves at hand had to be maintained and available when called. DOF would be looking to see what they distributed to cities as well as what was actually spent. Included in this package were actual expenditures that were taken from the true-up. Staff also caught an inconsistent formula which did not account for the loan just approved by the Board.

In response to Boardmember Christensen's query on the total amount committed, Management Analyst Aguilar clarified that this was \$29 million and the ROPS 5 request would bring it down to \$18 million.

Row 15, the Harbor District agreement, was denied by the DOF due to the fact that terms of the agreement had not been fulfilled. Those terms were now finalized by the city, approved by the Successor Agency and put back on as an enforceable obligation which would be paid out once the DOF's approval was received.

In regards to Rows 23 and 24, the train station phase 2 improvements, staff budgeted \$150,000 for each of those and though not expecting to spend the full amount, have been very proactive in budgeting higher since they've learned to give themselves a buffer. In response to Chairperson Cullen's comment that when they buffered there would be less funds to be distributed in that ROPS to other agencies, Management Analyst Aguilar explained that what they did not spend would get true-up and reduced from the amount requested.

The administrative budget in rows 46 and 47 was 2% of the total request for the RPTTF non-administrative amount that was being requested. One of the big items added was row 49, the property disposition, which was \$1.5 million.

In response to a query by Boardmember Scannell, Management Analyst Aguilar explained that payroll calculations were not exact since they fluctuated and so it was easier to go with the lower amount on the actual budget and go with the 3% on the ROPS.

Boardmember Scannell further questioned why there was an allocation for \$18,000 since City Manager Nagel was retiring on November 1st. Consultant Sanchez and City Attorney Mattas clarified that this was for the new City Manager but the pay was not fully decided yet.

In response to Boardmember Christensen's inquiry into why the total obligation was \$1.4 million with only 5 more ROPS periods until the agency would be dissolved, Management Analyst Aguilar stated that it would be going down with each ROPS period.

The Board had just approved Line items 51 and 52 which assumed equal payments of \$168,000 and \$197,000 over 5 ROPS time periods.

Rows 65 through 68 were two loan agreements that had been previously approved and two that had been approved on this agenda under items 3 and 4. Management Analyst Aguilar concluded by saying that those were the major changes and invited any questions on this item.

Management Analyst Aguilar affirmed Boardmember Christensen's statement that the total outstanding debt included bonds that would be paid off and her assumption that the \$39 million in debt service would not have to be paid because they would be paying off the bonds early. However, in response to her query on the \$54 million in row 55 that was being put aside to pay that off and whether that was double counting; Management Analyst Aguilar explained that with the new format since they were still paying interest on the \$60 million, they would have to keep it there. This was also the case with row 4, the \$39 million, which reflected that there was a period of interest payments and then the principal itself. In response to further inquiry by Boardmember Christensen, Management Analyst Aguilar clarified that the DOF would not allow the removal of any line items and that was why they provided the column indicating whether a line item had been completed or not. Staff had very limited access to the formatting but they could highlight and grey-out areas.

Responding to Boardmember Christensen concern that the total outstanding debt was overstated, Management Analyst Aguilar stated that it should have gone down and asked if the Board wanted staff to adjust that for the DOF submittal. The Board directed staff to adjust that amount for submittal.

Boardmember Farrales asked if they should be concerned with the fund balance sheet ending in negatives and Management Analyst Aguilar clarified that this was tied to the loan agreement for \$445,000 which had just been approved and so there was no issue regarding a lack of funds. Management Analyst Aguilar further explained that with this ROPS, after the ROPS 3 true-up, they actually ended up with \$45,000 RPTTF non-administrative available but because they projected revenues to be higher, it resulted in a negative balance. In the next ROPS it would show up as a positive because the \$445,000 would be requested in ROPS 5 that this ROPS fell short on.

Management Analyst Aguilar affirmed Boardmember Beaudin's statement of clarification that the \$415,000 was the shortfall in the budgeting for the entire cycle and so the negatives should go away given that staff would be taking a more conservative approach.

In response to Boardmember Christensen's inquiry into the amount of residual and if it had been going up, Management Analyst stated that they gave the county \$30 million and so what remained was the amount that had just been approved in the ROPS. In response to further clarification of the question posed, Management Analyst Aguilar advised that Finance Director Steele could address this in more detail at a future meeting.

Motion Boardmember Scannell/Second- Boardmember Beaudin: to approve Resolution No. 20-2013. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

2. Reorganization of the Board.

Chairperson Cullen reminded the Board that they would reorganize the Board in June of each year until its dissolution in July 2016. The reorganization had been postponed while previous Vice Chair Porterfield was replaced with current Vice Chair Ernsberger.

In response to Boardmember Scannell's inquiry into whether Chairperson Cullen was willing to stay on, Chairperson Cullen stated that it would keep him busy and agreed to continue until June 2015.

Motion- Boardmember Scannell/Second- Boardmember Farrales: to re-appoint Neil Cullen as the Chairperson and Patti Ernsberger as the Vice Chair of the South San Francisco Oversight Board until June 2015. Approved by the following voice vote: AYES: Boardmembers Beaudin, Christensen, Farrales and Scannell, Vice Chairperson Ernsberger and Chairperson Cullen. NOES: None. ABSTAIN: None. ABSENT: Boardmember Addiego.

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

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

Pursuant to the above motion, Chairperson Cullen adjourned the meeting at 2:42 p.m.

Submitted:


Kathryn Reodica, Deputy Clerk
Oversight Board for the Successor
Agency to the South San Francisco
Redevelopment Agency

Approved:


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