

**Oversight Board Meeting
of the Successor Agency City of Foster City**

REGULAR MEETING

Wednesday, February 12, 2014; 8:00 a.m.

Location:
Council Chambers – Conference Room
City of Foster City
620 Foster City Blvd
Foster City, CA

1. Call to Order
2. Public Comment
 - a. *This is an opportunity for the public to address the Oversight Board on any item that is not on the agenda. Time for public comment may be limited at the discretion of the Chair.*
3. Communications
 - a. Communication from San Mateo County Deputy Controller Shirley Tourel, dated February 3, 2014, "Former Redevelopment Agencies with Unmerged Project Areas"
4. Minute Approval
 - a. September 11, 2013
5. Reports
 - a. Verbal Update on Legislation *City of Foster City and the Successor Agency City of Foster City v. Matosantos*
6. Resolutions for Adoption
 - a. A Resolution Approving an Administrative Budget for the Period July 1 to December 31, 2014
 - b. A Resolution Approving the Recognized Obligation Payment Schedule 14-15A for the Period July 1 to December 31, 2014 (ROPS 14-15A)
7. Old Business
8. New Business

9. Future Agenda Items

- a. Approval of an Administrative Budget for the Period January 1 to June 30, 2015 (September 10, 2014 – Due to DOF on October 1, 2014)
- b. Approval of Recognized Obligation Payment Schedule (ROPS 14-15B) for the Period January 1 to June 30, 2015 (September 10, 2014 – Due to DOF on October 1, 2014)

10. Member Statements and Requests

11. Adjournment

Any attendee requiring special accommodations should contact Steve Toler, Assistant City Manager, at 650-286-3214 or SToler@fostercity.org at least 24 hours in advance of the meeting.

Note: Any writings or documents provided to a majority of the Oversight Board regarding any item on this agenda after the agenda packet was distributed will be made available for public inspection at the office of the Assistant City Manager located at Foster City City Hall, 610 Foster City Blvd., Foster City, during normal business hours and also made available in a marked binder at current and future meetings.

555 County Center, 4th Floor
Redwood City, California 94063-1665
Telephone: (650) 363-4777
Email: Controller@smcgov.org
www.co.smcgov.org/controller



Bob Adler
Controller

Juan Raigoza
Assistant Controller

Shirley Tourel
Deputy Controller

County of San Mateo
Office of the Controller

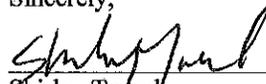
To: Daly City, Foster City and Brisbane Finance Directors
Subject: Former Redevelopment Agencies (RDAs) with Unmerged Project Areas
Date: February 3, 2014

Pursuant to H&S Code Section 34179, RDAs have the option of fiscally merging their project areas with Oversight Board (OB) approval. In situations where a former RDA's project areas had not been fiscally merged by its OB, our office performed Redevelopment Property Tax Trust Fund (RPTTF) distribution calculations at the project level consistent with the provisions of applicable RDA dissolution statutes. In some cases, this resulted in an RDA having one project area with residual where another had insufficient funds to cover its obligations.

After hearing concerns from affected RDA successor agencies (SAs), we requested clarification from the State Department of Finance (DOF) regarding the County Controller's discretion to distribute RPTTF funds at an RDA level opposed to the project level even when the project areas had not been fiscally merged by its OB. The DOF responded that, based on its understanding of the RDA dissolution statutes, the County Controller may calculate the total amount of tax increment based on project area and then transfer the sum of all project-area tax increment into one fund from which the SA then makes payments for enforceable obligations, regardless of project area. The DOF informed us that it does not believe that SAs must obtain OB approval to merge project areas to effect this arrangement. Having considered the DOF's perspective on this issue, the Controller's Office has determined that there is sufficient guidance to allow the distribution of RPTTF funds at an RDA level. We have made this change beginning with the January 2, 2014 (ROPS 13-14B) distribution.

Should you have further questions, I can be reached at (650) 599-1149. Thank you.

Sincerely,


Shirley Tourel
Deputy Controller

**Oversight Board
Successor Agency City of Foster City**

Minutes

Meeting Date:
September 11, 2013; 8:00 a.m.

Foster City Council Chambers Conference Room
620 Foster City Blvd., Foster City, CA 94404

Members Present: **Chair Dick W. Bennett, Members Tina Acree, Jim Keller, Linda Koelling, Elizabeth McManus, Marshall Wilson, Rick Wykoff**

Members Absent: **None**

Staff Present: **Steve Toler (Assistant City Manager / Secretary); Jim Hardy (City Manager); Lin-Lin Cheng (Finance Director); Curtis Banks (Community Development Director); Successor Agency Legal Counsel Jerry Ramiza, Oversight Board Legal Counsel Craig Labadie**

1. Call to Order – **Meeting called to order at 8:01 a.m.**
2. Public Comment - **None**
3. Communications – **None other than in item 6b below**
4. Selection of Officer
 - a. Vice-Chair – **Nominations were opened for the position of Vice-Chair. Marshall Wilson was nominated for the position of Vice-Chair. There being no other nominations, and by unanimous consent, Marshall Wilson was appointed to the role of Vice-Chair of the Oversight Board.**
5. Minute Approval
 - a. April 10, 2013 – **Motion by Member Koelling, Seconded by Member Acree to approve the minutes as submitted. Motion passed 6-0-1 (Member Wilson absent)**
6. Reports
 - a. Verbal Update on Pending Legislation Impacting Redevelopment in California

- i. **Mr. Toler provided an update regarding the status of legislation that has an impact on successor agencies and redevelopment in general. Discussion ensued in regards to two specific bills: SB 1 (Steinberg) “Sustainable Communities Investment Authority”, and AB 564 (Mullin) “Community redevelopment; successor agencies”. Member Koelling requested that Successor Agency staff provide periodic updates via e-mail in regards to these items and other proposed legislation as they arise between Oversight Board meetings. No action taken.**
- b. Update on DOF Review and Approval of the Previous Due Diligence Review – the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012
 - i. **Messrs Toler, Hardy and Ramiza provided an update on the DOF’s final ruling on the DDR-AOF, the \$1.3 million that is being contested by the Successor Agency and the City, and the Successor Agency and City’s filing of a Petition of Writ Mandate. Mr. Hardy indicated that the Successor Agency remitted the uncontested amount per the original DDR, including interest, and that the County Controller was expected to remit those funds back to taxing entities in the very near future. Mr. Labadie also provided input from an Oversight Board legal perspective. Hearing date is scheduled with the Court in mid-December 2013. Discussion ensued. No action taken.**

7. Resolutions for Adoption

- a. A Resolution Approving an Administrative Budget for the Period January 1 to June 30, 2014
 - i. **(Note: Vice-Chair Wilson arrived at the meeting at 8:16 a.m. at the start of this item.) Mr. Toler provided the staff report. Discussion ensued. Motion by Member Keller, Seconded by Member Acree to approve the resolution as drafted. Motion passed 7-0-0 approving Resolution #2013-006 adopting the Administrative Budget for the Period January 1 to June 30, 2014.**
- b. Consideration of a Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2014 (ROPS 13-14B)

- i. A Resolution Approving Borrowing of Funds from the City of Foster City in the Amount of \$28,693 to Fully Fund the Successor Agency's Obligation for Fiscal Year 2012-2013 to Prometheus Development Under the Provisions of the Disposition and Development Agreement Between Miramar Apartments, LP and the Former Redevelopment Agency Dated August 8, 2000

1. **Mr. Toler provided the staff report on the entire ROPS, including the request for approval of borrowing of \$28,693 from the City under the existing loan agreement to fully fund the obligation under the DDA for Miramar Apartments for FY 2012-2013. Discussion ensued. Motion by Member Koelling, Seconded by Member McManus to approve the resolution as drafted. Motion passed 7-0-0 approving Resolution #2013-007 that authorizes the borrowing of \$28,693 under the loan agreement with the City of Foster City to fully fund the FY 2012-2013 obligation to Prometheus Development under the terms of the DDA.**

- ii. A Resolution Approving the Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2014

1. **The Oversight Board reviewed each line item in the ROPS submitted in the agenda packet. Discussion ensued on each item. Motion by Member Wykoff, Seconded by Member McManus to approve the resolution as drafted. Motion passed 7-0-0 approving Resolution #2013-008 that approves the Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2014 (ROPS 13-14B).**

8. Old Business – **None**

9. New Business – **None**

10. Future Agenda Items

- a. A Resolution Amending the ByLaws of the Oversight Board for Semi-Annual Meetings (March 12, 2014) – **Mr. Toler indicated that amendments to the By-Laws concerning regular meeting schedule and other minor changes to better reflect legislative changes will be presented for adoption. Per the By-Laws, the amendments will be submitted to the Oversight Board no less**

than 30 days prior to the meeting in which they will be adopted. **NOTE: Subsequent to the meeting, Mr. Toler informed the Oversight Board that the next meeting date would be February 12, 2014, not March 12, 2014.**

- b. Selection of Officers (March 12, 2014) - **NOTE: Subsequent to the meeting, Mr. Toler informed the Oversight Board that the next meeting date would be February 12, 2014, not March 12, 2014.**
- c. Approval of an Administrative Budget for the Period July to December 2014 (March 12, 2014 – Due to DOF on April 1, 2014) - **NOTE: Subsequent to the meeting, Mr. Toler informed the Oversight Board that the next meeting date would be February 12, 2014, not March 12, 2014, and that the Administrative Budget and ROPS will be due to the DOF on or before March 1, 2014, not April 1, 2014.**
- d. Approval of Recognized Obligation Payment Schedule for the Period July to December 2014 (March 12, 2014 – Due to DOF on April 1, 2014) - **NOTE: Subsequent to the meeting, Mr. Toler informed the Oversight Board that the next meeting date would be February 12, 2014, not March 12, 2014, and that the Administrative Budget and ROPS will be due to the DOF on or before March 1, 2014, not April 1, 2014.**

11. Member Statements and Requests

- i. **Chair Bennett requested an update on the Pilgrim-Triton project which the former Agency had funded for affordable housing. Mr. Banks provided an update on the construction and lease-up of the Plaza at Triton Park, and an overview of the other phases of the Pilgrim-Triton Project.**
- ii. **Member Koelling reaffirmed her request for information to be provided by staff on a periodic basis between meetings relative to proposed legislation being considered by the State on any matter related to the Successor Agency's affairs and redevelopment.**
- iii. **At the pleasure of Chair Bennett, Mr. Hardy provided an overview on the status of the wind-down of the former redevelopment agency and thanked the Oversight Board for the work they have done and will continue to do in its efforts.**

12. Adjournment – **Meeting adjourned at 9:00 a.m.**



Oversight Board of the Successor Agency City of Foster City

Date: February 12, 2014
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Subject: Resolution Approving an Administrative Budget for the ROPS 14-15A
Period of July 1 to December 31, 2014

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving an Administrative Budget for the Successor Agency for the July 1 to December 31, 2014 period (ROPS 14-15A) in an amount of \$85,500 that will be incorporated into the Recognized Obligation Payment Schedule (ROPS).

EXECUTIVE SUMMARY

Staff has prepared for Oversight Board consideration an Administrative Budget for the July 1 to December 31, 2014 period based on the projection for the that six-month period. The budget is prepared based on the anticipated administrative costs associated with handling the affairs of the Successor Agency. AB 1484 requires that a Recognized Obligation Payment Schedule (ROPS) for the July 1 to December 31, 2014 period be submitted to the Department of Finance (DOF) for approval by March 1, 2014.

BACKGROUND

H&S Code §34177(j) requires the Successor Agency to prepare an administrative budget for Oversight Board approval that includes:

1. Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.
2. Proposed sources of payment for the costs identified in paragraph (1).
3. Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

The administrative budget is then presented as an administrative cost allowance in the ROPS for the six-month period [H&S Code §34177(l)(1)].

The Code defines “administrative budget” to mean “the budget for administrative costs of the successor agencies as provided in Section 34177” [§34171(a)]. There is no further definition of what comprises “administrative costs”, other than indicating that “the successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget.” [§34179(c)]

Further, H&S Code §34171(b) provides that the overall administrative cost allowance is “payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000) for any fiscal year or such lesser amount as agreed to by the successor agency.”

ANALYSIS

In preparing the Administrative Budget for the Successor Agency, three (3) cost categories have been identified that should be considered by the Oversight Board in adopting an Administrative Budget:

1. City Staff Costs
2. Professional Services and other costs in support of Successor Agency functions
3. Professional Services and other costs in support of the Oversight Board

Staff has developed an Administrative Budget that is presented as Attachment 1 to this Staff Report. Each of the cost categories identified above are discussed below, with brief explanations of each item listed in the Administrative Budget.

City Staff Costs

Successor Agency staff are employees of the City of Foster City, and are covered under the terms of the Management Employees Compensation and Benefits Plan (“C&B Plan”). The current C&B Plan expires on June 30, 2014. It is anticipated a successor C&B Plan will be approved by the City Council prior to June 30, 2014, but it is not known at this time if any changes will be approved. However, it is known that CalPERS pension costs are expected to increase by about 2% for the employees that support the Successor Agency.

The staff that support the Successor Agency include: City Manager, Assistant City Manager, Finance Director, Community Development Director, and Accounting Manager

The salary and benefits costs for each identified employee supporting the Successor Agency are identified in the attached "Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities" (Attachment 2). A brief description of each item in that analysis is presented below:

- Chargeable Hourly Rate – This represents the individual's hourly pay rate, their benefits overhead rate (which is developed based upon the benefits provided under the respective agreements with the employee groups and other employee-related costs such as workers compensation, Medicare, etc.), and the number of productive hours in a year (which is calculated for each employee based on 2,080 hours less vacation and sick leave benefits provided). It should be noted that these amounts have been updated to reflect the expected pension contribution rates based on the City's latest actuarial analysis of its pension obligations to CalPERS.
- Hours per Year – the number of hours per year have been estimated for each employee. The budgeted hours assume that no further legislation beyond ABx1 26 and AB 1484 is enacted that would require additional meetings or reporting requirements, and that procedural or reporting requirements required by the State Department of Finance, the State Controller's Office, or the San Mateo County Controller's Office are consistent with current practices and level of effort on the part of Successor Agency staff in two areas. It also assumes that the Oversight Board is not expected to meet more than just once during each ROPS period, in essence for the approval of the ROPS and Administrative Budgets of each subsequent ROPS period.

The projected hours were based upon a review of the actual hours spent by each position during the period from July 1 to December 31, 2013, adjusting for the significant time invested by the City Manager, Assistant City Manager, and Finance Director in preparing the lawsuit against the DOF relative to their findings on the DDR-AOF.

The total costs identified in terms of staff support for the Oversight Board during this ROPS 14-15A period is \$9,100.

Professional Services and other costs in support of Successor Agency functions

There are three (3) costs identified on an annualized basis that will support the Successor Agency staff in administering the functions of the Successor Agency. A brief description of each item follows.

- Burke, Williams & Sorensen – (**Total: \$70,000**) This is a professional services agreement with this law firm to provide legal support in terms of enforcing compliance of the terms and conditions of the DDA's of the respective project areas, including affordable housing obligations as part of those DDA's. While the City has elected to retain the affordable housing assets and obligations of the former Agency, the tax increment of these project areas was designed to pay for the costs associated with ensuring developer compliance with the

terms of their respective DDA's. As such, these costs should be paid out of tax increment received from the former project areas, and the Oversight Board concurred with this approach in the prior Administrative Budget. Prior administrative budgets assumed a cost of \$15,000 for each ROPS period. However, given the significant amount of work performed by BWS on behalf of the Successor Agency relative to the lawsuit filed on the Successor Agency's behalf regarding the DOF's findings on the DDR-AOF, the anticipated billings from BWS in the coming ROPS Period is expected to be \$70,000.

- Vavrinek, Trine and Day, LLP – **(Total: \$3,000)** This represent the costs associated with the audit of the financial records of the Successor Agency's funds presented on the City's Comprehensive Annual Financial Report.
- Foster City Islander and/or San Mateo Daily Journal – **(Total \$400)** This presents various miscellaneous out-of-pocket costs associated with Successor Agency and/or Oversight Board business.

Professional Services and other costs in support of the Oversight Board

There is presently one cost identified for the ROPS 14-15A period that will support the Oversight Board in administering the responsibilities to the Successor Agency.

- Law Offices of Craig Labadie – **(Total: \$3,000)** This is a professional services agreement between the Successor Agency and this firm to provide legal support to the Oversight Board in fulfilling its responsibilities under ABx1 26 and under AB 1484. The amount is a conservative projection based on prior billings.

Compliance with Law; Inclusion in ROPS

The overall proposed Administrative Budget represents costs that Staff believes are in compliance with the H&S Code. **The total proposed Administrative Cost Allowance is \$85,500.** This amount is less than the \$250,000 baseline amount required under the legislation.

It is recommended that this amount be included in ROPS 14-15A for the period July 1 to December 31, 2014. ROPS 14-15A is also on the agenda for consideration at this meeting.

The implementation of AB 1484 requires that ROPS 14-15A be submitted to the Department of Finance by March 1, 2014.

Attachments

- Resolution
- Attachment 1: Proposed Administrative Budget – July 1 to December 31, 2014
- Attachment 2: Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities – July 1 to December 31, 2014

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD JULY 1 TO DECEMBER 31, 2014

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, California Health & Safety Code (“H&S Code”) §34177(j) requires the Successor Agency to prepare an administrative budget for Oversight Board approval that includes: 1) estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period; 2) proposed sources of payment for the costs identified in item 1; and, 3) proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity; and,

WHEREAS, H&S Code §34171(b) provides that the overall administrative cost allowance shall be payable from property tax revenues of up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000) for any fiscal year or such lesser amount as agreed to by the successor agency; and,

WHEREAS, an Administrative Budget has been prepared for the period July 1 to December 31, 2014 that incorporates the costs associated with administering the affairs of the Successor Agency totaling \$85,500.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City that the Administrative Budget for the Period July 1 to December 31, 2014 totaling \$85,500 is hereby approved.

PASSED AND ADOPTED as a resolution of the Oversight Board of the Successor Agency City of Foster City at the Regular Meeting held on the 12th day of February, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

**Successor Agency City of Foster City
Proposed Administrative Budget
For the ROPS 14-15A Period (July 1 to December 31, 2014)**

Attachment 1

Cost Projections
Prepared
for Period July to
December 2014

Item	Description	Total Cost
City Staff Costs		
City of Foster City - Administrative Support	Administrative support services, including Oversight Board support, financial management, affordable housing compliance and monitoring, etc.	9,100
Professional Services and other costs in support of Successor Agency functions		
Burke, Williams & Sorensen	Legal consulting services relative to litigation regarding the DDR-AOF filed on behalf of the Successor Agency, plus other legal counsel administering the obligations under the Marlin Cove and Hillsdale/Gull project areas and the wind-down of the former Agency's affairs through the Successor Agency's administration.	70,000
Vavrinek Trine and Day, LLP	Financial auditing services relative to the Successor Agency funds presented on the City's Financial Statements	3,000
Other miscellaneous supplies and services	Miscellaneous office supplies or other out-of-pocket administrative costs related to Successor Agency and/or Oversight Board business	400
Professional Services and other costs in support of the Oversight Board		
Law Offices of Craig Labadie	Legal consulting services to the Oversight Board	3,000
Total Administrative Cost Allowance Request		85,500

Successor Agency City of Foster City

Attachment 2

Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities

For the ROPS 14-15A Period (July 1 to December 31, 2014)

Position	Projected Chargeable Hourly Rate	Cost Projections Prepared	
		Oversight Board Administration	
		# Hours per Year	\$
City Manager	\$ 221.00	8	1,768
Assistant City Manager	\$ 179.00	16	2,864
Community Development Director	\$ 153.00	2	306
Finance Director	\$ 176.00	20	3,520
Accounting Manager	\$ 108.00	6	648
Total		52	9,106
		say	9,100

Note: Hours estimate based upon experience and professional judgment assuming the wind-down of Agency activities. Estimates do not assume any significant additional legislation other than what is already provided under ABx1 26 and AB1484, nor significant changes in administrative or process protocols from the California Department of Finance, the State Controller's Office, or the San Mateo County Controller, than was the case as of February 2014. Assumes Oversight Board meetings are held only once per ROPS period.



Oversight Board of the Successor Agency City of Foster City

Date: February 12, 2014
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Subject: Resolution Approving a Recognized Obligations Payment Schedule for the Period July 1 to December 31, 2014 (ROPS 14-15A)

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving a Recognized Obligation Payment Schedule for the period July 1 to December 31, 2014 ("ROPS 14-15A" or "ROPS").

EXECUTIVE SUMMARY

In accordance with California Health & Safety Code ("H&S Code") §34177(l), the Successor Agency has prepared ROPS 14-15A for the period July 1 to December 31, 2014. The ROPS is reflective of the actions taken by the Oversight Board and approved by the Department of Finance (DOF) relative to the ROPS from prior periods, and in this ROPS period includes repayment of the interperiod loan from the City of Foster City to fulfill the enforceable obligations anticipated to be paid in the ROPS 13-14B period as was approved by the Oversight Board and the DOF in that ROPS submittal, plus the Administrative Cost Allowance for the ROPS 14-15A period as proposed under the Administrative Budget submitted for Oversight Board approval under a separate agenda item at this meeting. The proposed ROPS is reflective of the format required by the DOF.

BACKGROUND

H&S Code §34177(l) requires that the Successor Agency prepare a ROPS every six months that reflects the enforceable obligations and the administrative cost allowance of the Successor Agency that are payable during that timeframe. The ROPS is then submitted to the Oversight Board for approval. Once the ROPS is approved, it is forwarded to the County Controller's Office for the allocation of tax revenues to support the payment of enforceable obligations and administrative costs. It is also submitted to the State Department of Finance, which has the authority to

review all of the items on the ROPS and request clarification and/or overturn the Oversight Board's actions relative to the ROPS.

ANALYSIS

The Oversight Board has previously approved five (5) separate ROPS since the dissolution of the former Agency. Based upon the discussions in terms of those prior ROPS, a new ROPS covering the period July 1 to December 31, 2014 has been prepared and is attached to this Staff Report.

Those ROPS's incorporated several enforceable obligations that were reviewed in detail. A brief summary of the items on this ROPS is provided below:

Project Area One

- **SMUHSD** – In accordance with the Oversight Board's Resolution 2013-005 that approved a liquidation and payoff of the obligation with SMUHSD in an amount of \$1,484,000, the obligation was paid in full on December 31, 2013 and will no longer appear on this or future ROPS.

Marlin Cove Project Area

- **PWM Residential Ventures LLC** – these represent the estimated payments required under the terms of the Disposition and Development Agreement (DDA) with the developer. **There are no payments required in this ROPS period under the terms of the DDA.** The total outstanding obligations for the agency grant, affordable housing subsidy, and utility subsidy are incorporated into this ROPS.
 - **Agency Grant** – this was a fixed amount of \$109,794 for which final payment will be made in the 13-14B ROPS period and, as such, will no longer appear on the ROPS in future periods
 - **Utility Subsidy** – this subsidy increases by a fixed 2% per year and is payable through 2029. A \$46,000 payment will be made in the 13-14B ROPS period, but there are no payments required during the 14-15A ROPS period.
 - **Affordable Housing Subsidy** – this is an amount that is paid to the Developer equal to 30% of the final available tax increment (now RPTTF) for the project area. There are no payments required in this ROPS period. It should be noted that there is a great amount of uncertainty in regards to the amount that ultimately must be paid to the developer under the Affordable Housing Subsidy when the ROPS' in the January to June period each year are calculated, as the calculation of that amount is based upon final RPTTF revenues received from the project area properties (which is not known from the County Controller until after the ROPS of those periods are required to be approved), the AB1290 passthrough payments owed to other taxing entities (for which the County performs that calculation and is not received until after the

ROPS is approved), and the County property tax admin fees (which are based on the actual amount of RPTTF revenues collected and is not known until after the ROPS is approved). As such, Successor Agency staff takes a best-guess estimate of those amounts in the past. Staff made a conservative estimate based upon the assessment rolls provided by the County Assessor's Office of an amount for the ROPS 13-14B period of \$200,000. It should be noted that the projected calculation of the amount owed to the Developer based upon final RPTTF, AB1290 and County property tax admin fees is expected to be just shy of \$196,000, so the amount of RPTTF and/or City Loan funding of the amount included in the 13-14B ROPS period appears to have been sufficient to "make the developer whole."

Hillsdale/Gull Project Area

- Prometheus Development – this represents the estimated payments required under the terms of the Disposition and Development Agreement with the developer. **There are no payments required in this ROPS period under the terms of the DDA.** The total outstanding obligation for the affordable housing subsidy is incorporated into this ROPS. As indicated above, there is a great amount of uncertainty in regards to the amount that ultimately must be paid to the developer under the Affordable Housing Subsidy, as the calculation of that amount is based upon final tax increment (now RPTTF) revenues received from the project area properties (which is not known from the County Controller until after the ROPS is required to be approved), the AB1290 passthrough payments owed to other taxing entities (for which the County performs that calculation and is not received until after the ROPS is approved), and the County property tax admin fees (which are based on the actual amount of RPTTF revenues collected and is not known until after the ROPS is approved). Successor Agency staff took a best-guess estimate of those amounts for the 13-14B ROPS period in an amount equal the maximum subsidy payable of \$233,659. It should be noted that the projected calculation of the amount owed to the Developer based upon final RPTTF, AB1290 and County property tax admin fees is expected to be approximately \$180,000, so the amount of RPTTF and/or City Loan funding of the amount included in the 13-14B ROPS period appears to have been sufficient to "make the developer whole."

Administrative Cost Allowance

- All Project Areas –The amount in this ROPS period of \$85,500 is based upon the recommended Administrative Cost Allowance Budget as presented in a separate staff report to the Oversight Board at this meeting. It should be noted that there existed a projected \$4,229 in excess reserves related to amounts from the disposition of the agreement with SMUHSD that were held by the Successor Agency as per the approval of the DOF of the Due Diligence Review – All Other Funds. **It is recommended that as part of this ROPS 14-15A that \$4,229 in excess reserve balances be applied towards the**

Administrative Cost Allowance, with the balance of \$81,271 coming from RPTTF funds.

Loan Borrowing from and Repayment to City of Foster City

- Loan Borrowing and Repayment – In the ROPS 13-14B approved by the Oversight Board and the DOF, it was recommended and approved that any deficiency in RPTTF funding available to liquidate enforceable obligations in that period be covered under the terms of the loan agreement the Successor Agency and the City of Foster City dated September 10, 2012. **Based upon Staff's calculation of the projected deficiency in RPTTF funds from the prior ROPS periods, the outstanding loan balance as of June 30, 2014 is projected to be \$239,652. Accordingly, this amount has been included in the ROPS 14-15A period from RPTTF funding.**
- Loan Repayment – As indicated earlier, the Successor Agency staff attempted to adhere to the Oversight Board's desire to ensure that the developers were not harmed as a result of the implementation of ABx1 26 and AB1484. To that end, and as indicated earlier, staff paid the developers the amounts that were due them as a result of the final net RPTTF amounts available per the terms of their respective DDAs. As a result, **the amount paid to Prometheus Development exceeded the amounts authorized in the ROPS 12-13B and the ROPS 13-14A to a difference of \$28,693. Subject to the Oversight Board's approval of the separate resolution concerning the approval of the loan in this amount, staff has included this amount in the ROPS 13-14B.**

Subject to approval of the attached resolutions, the final ROPS will be transmitted to the State Department of Finance for approval by the deadline of March 1, 2014, and will also be transmitted simultaneously to the San Mateo County Controller's Office and the State Controller's Office.

Attachments

- Resolution
- Recognized Obligation Payment Schedule 14-15A for the Period July 1 to December 31, 2014

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 14-15A FOR THE PERIOD JULY 1 TO DECEMBER 31, 2014 (ROPS 14-15A)

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, the Successor Agency has prepared a draft Recognized Obligation Payment Schedule for the period July 1 to December 31, 2014, referred to as "ROPS 14-15A" or "ROPS", pursuant to California Health & Safety Code (H&S Code) §34177; and,

WHEREAS, the Oversight Board has reviewed each line item on the ROPS to determine that it represents an enforceable obligation of the Successor Agency; and,

WHEREAS, the Oversight Board adopted an Administrative Budget at its February 12, 2014 Regular Meeting and the administrative cost allowance reflected in the attached ROPS is consistent with the Administrative Budget approved by the Oversight Board; and,

WHEREAS, the attached ROPS is reflective of the enforceable obligations of the Successor Agency for the period July 1 to December 31, 2014; and,

WHEREAS, the Oversight Board desires to ensure that the developers and other obligations (including any loans payable to the City of Foster City subsequent to June 28, 2011) in this ROPS are fully funded and liquidated for the period July 1 to December 31, 2014; and,

WHEREAS, to the extent that there are any deficiencies in available RPTTF funds to pay the enforceable obligations listed within this ROPS, the Oversight Board desires to exercise its right to borrow funds from the City of Foster City per the terms of the Loan Agreement between the Successor Agency and the City dated September 10, 2012.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City, as follows:

1. That the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2014 (ROPS 14-15A), attached hereto and incorporated herein, is hereby approved.
2. That any deficiencies in available RPTTF funds to fully liquidate the enforceable obligations listed within this ROPS may be borrowed from the City of Foster City per the terms of the Loan Agreement between the Successor Agency and the City dated September 10, 2012.

BE IT FURTHER RESOLVED that the Secretary is instructed to transmit a copy of this resolution and the approved ROPS to the San Mateo County Controller's Office, the California Department of Finance, and the State Controller's Office as required by law by March 1, 2014.

PASSED AND ADOPTED as a resolution of the Oversight Board of the Successor Agency City of Foster City at the Regular Meeting held on the 12th day of February, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

Recognized Obligation Payment Schedule (ROPS 14-15A) - Summary

Filed for the July 1, 2014 through December 31, 2014 Period

Name of Successor Agency: Foster City
 Name of County: San Mateo

Current Period Requested Funding for Outstanding Debt or Obligation		Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):		
A	Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):	\$ 4,229
B	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	4,229
D	Other Funding (ROPS Detail)	-
E	Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 320,923
F	Non-Administrative Costs (ROPS Detail)	239,652
G	Administrative Costs (ROPS Detail)	81,271
H	Current Period Enforceable Obligations (A+E):	\$ 325,152

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
I	Enforceable Obligations funded with RPTTF (E):	320,923
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	-
K	Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 320,923

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding		
L	Enforceable Obligations funded with RPTTF (E):	320,923
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N	Adjusted Current Period RPTTF Requested Funding (L-M)	320,923

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.

<u>Dick Bennett</u>	Chair
Name	Title
/s/ <u>Dick Bennett</u>	2/12/2014
Signature	Date

Recognized Obligation Payment Schedule (ROPS) 14-15A - Report of Cash 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	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR balances retained	Prior ROPS RPTTF distributed as reserve for next bond payment	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 13-14A Actuals (07/01/13 - 12/31/13)									
1	Beginning Available Cash Balance (Actual 07/01/13) Note that for the RPTTF, 1 + 2 should tie to columns J and O in the Report of Prior Period Adjustments (PPAs)			1,540,891			585		
2	Revenue/Income (Actual 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distribution from the County Auditor-Controller during June 2013			1,713			242,940		
3	Expenditures for ROPS 13-14A Enforceable Obligations (Actual 12/31/13) Note that for the RPTTF, 3 + 4 should tie to columns L and Q in the Report of PPAs			1,484,000			284,467		
4	Retention of Available Cash Balance (Actual 12/31/13) Note that the RPTTF amount should only include the retention of reserves for debt service approved in ROPS 13-14A								
5	ROPS 13-14A RPTTF Prior Period Adjustment Note that the RPTTF amount should tie to column S in the Report of PPAs.	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ 58,604	\$ -	\$ -	\$ (40,942)		
ROPS 13-14B Estimate (01/01/14 - 06/30/14)									
7	Beginning Available Cash Balance (Actual 01/01/14) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ 58,604	\$ -	\$ -	\$ (40,942)		
8	Revenue/Income (Estimate 06/30/14) Note that the RPTTF amounts should tie to the ROPS 13-14B distribution from the County Auditor-Controller during January 2014						424,373		
9	Expenditures for 13-14B Enforceable Obligations (Estimate 06/30/14)			54,375			623,083		
10	Retention of Available Cash Balance (Estimate 06/30/14) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14B								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ 4,229	\$ -	\$ -	\$ (239,652)		

