

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

REGULAR MEETING

February 13, 2013; 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
4. Minute Approval
 - a. January 9, 2013
5. Reports
 - a. Verbal 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
 - b. Update on Discussions with Developers of Marlin Cove and Hillsdale/Gull Project Areas regarding Subsidies and Post-Dissolution Impacts, including a Letter from Manatt, Phelps & Phillips, LLP re 2012-2013 Estimated Tax Increment Revenue, Former Foster City RDA #13198 – Marlin Cove
6. Resolutions for Adoption
 - a. A Resolution Approving a Passthrough Implementation Agreement with the San Mateo Union High School District
 - b. A Resolution Approving an Administrative Budget for the Period July 1 to December 31, 2013
 - c. A Resolution Approving the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2013

7. Old Business

8. New Business

9. Future Agenda Items

- a. Actions Regarding Impact of ABx1 26 and AB 1484 Upon Existing Agreements with the Developers of the Marlin Cove and Hillsdale/Gull Project Areas (TBD if necessary)
- b. A Resolution Amending the ByLaws of the Oversight Board for Semi-Annual Meetings (September 2013 or sooner if another agenda item requires action)
- c. Approval of an Administrative Budget for the Period January to June 2014 (September 2013 – due October 1)
- d. Approval of Recognized Obligation Payment Schedule for the Period January to June 2014 (September 2013 – due October 1)

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.

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

Minutes

January 9, 2013; 8:00 a.m.

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

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

Members Absent: **Vice-Chair Mary McMillan**

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

Public Present: **None**

1. Call to Order – **Meeting called to order at 8:02 a.m.**
2. Public Comment - **None**
3. Communications - **None**
4. Minute Approval
 - a. October 10, 2012 (Regular Meeting) – **Motion to approve minutes as submitted made by Member Wykoff, seconded by Member Acree. Motion approved 6-0-1 (Vice-Chair McMillan absent in this and all future votes throughout the meeting)**
 - b. January 2, 2013 and January 4, 2013 (Special Meeting) – **Chair Bennett requested that the Minutes for the January 4, 2013 meeting be amended to reflect that in item 3a(i) Chair Bennett opened the public hearing, not Vice-Chair McMillan. Motion to approve minutes as amended by Member Wykoff, seconded by Member Acree. Motion approved 6-0-1**
5. Reports
 - a. Oral 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 (Low and Moderate Income Housing Fund) as of June 30, 2012
 - i. **Mr. Toler indicated that questions were raised by the DOF on the DDR. A Meet and Confer teleconference was**

held on November 28, 2012. Staff provided responses to the DOF and amended two of the line items in reflection of the discussions during the Meet and Confer. The final LMIHF funds distributed to the County Controller totaled \$12,761,869.

- ii. It was further noted that now that all unencumbered housing funds were distributed to taxing entities, there will be resulting pressure to ensure that enforceable obligations are paid out of existing RPTTF funds. This raised a discussion regarding issues that Successor Agency staff is working on with respect to the developers of Marlin Cove and Hillsdale/Gull that, based on the interpretation of ABx1 26, their subsidies will be reduced due to the increased administrative costs. By unanimous consent, the Oversight Board requested that Oversight Board legal counsel Craig Labadie work with Successor Agency staff and legal counsel to formulate options to ensure that the developers were not harmed as a result of the implementation of ABx1 26 and AB 1484 to the fullest extent possible. The matter will be brought back to the Oversight Board when appropriate at a future meeting.

6. Resolutions for Adoption

- a. A Resolution Approving the Independent Accountants' Report on Applying Agreed-Upon Procedures pursuant to AB 1484 (All Other Funds) as of June 30, 2012
 - i. **Mr. Toler presented the Staff Report, with additional commentary by Ms. Cheng and Mr. Hardy. Motion to approve the resolution by Member Wykoff, seconded by Member McManus. Motion approved 6-0-1**

7. Old Business - **None**

8. New Business - **None**

9. Future Agenda Items

- a. Approval of an Administrative Budget for the Period July to December 2013 (February 2013 – due March 1)
- b. Approval of Recognized Obligation Payment Schedule for the Period July to December 2013 (February 2013 – due March 1)
- c. Approval of an Administrative Budget for the Period January to June 2014 (September 2013 – due October 1)
- d. Approval of Recognized Obligation Payment Schedule for the Period January to June 2014 (September 2013 – due October 1)

- i. Discussion regarding future agenda items raised questions regarding the likelihood of quarterly or semi-annual meetings. It was determined to maintain the regular monthly schedule, but that the Chair would work with the Secretary to notice any meetings cancelled in advance. It was also recommended that the by-laws be reviewed with a recommendation to amend the regular meeting schedule to semi-annual meetings. This will be scheduled as appropriate at a future meeting.
- ii. Discussion ensued in terms of liquidating certain obligations in advance, such as the SMUHSD obligation under the Stipulated Judgment and Mutual Release Agreement in 1991. It was determined that staff should present a proposal to liquidate the SMUHSD obligation as soon as practical, preferably at the February 2013 meeting.

10. Member Statements and Requests

- i. Member Koelling raised concerns regarding holding a public hearing for the DDR for LMIHF funds the day after a holiday (January 2) and requested that consideration be given to not scheduling meetings immediately following holidays in the future.

11. Adjournment – Meeting Adjourned at 8:23 a.m.

February 8, 2013

Client-Matter: 87121-038

Steve Tolan
Assistant City Manager
Successor Agency to the Former Foster City Community Development Agency
610 Foster City Boulevard
Foster City, CA 94404

**Re: 2012-2013 Estimated Tax Increment Revenue, Former Foster City RDA
#13198 - Marlin Cove**

Dear Mr. Tolan:

This office represents M.H. Podell Company and its affiliate PWM Residential Venture, LLC (“M.H. Podell”), in connection with the Marlin Cove Redevelopment Project located in the City of Foster City (“City”). In recent months, City staff has informed M.H. Podell that the wind-down of the former Foster City Community Development Agency could result in adverse fiscal impacts to the Marlin Cove Redevelopment Project, which today consists of the successful Marlin Cove shopping center and apartments. Specifically, the City has provided M.H. Podell with projections indicating a potential reduction in certain required subsidies to the project based on a “new” calculation methodology. The purpose of this correspondence is to address these potential adverse fiscal impacts in the context of the applicable agreements and law.

As you know, the Marlin Cove Redevelopment Project is subject to various agreements between M.H. Podell and the Community Development Agency of the City, including, but not limited to, a Disposition and Development Agreement dated November 15, 1999, as amended (the “DDA”), and an Affordable Housing Covenant dated August 7, 2000, as amended (the “Affordable Housing Covenant”). The Marlin Cove Redevelopment Project is also subject to a Regulatory Agreement and Declaration of Restrictive Covenants dated November 1, 2000, as amended, whereby Variable Rate Demand Multifamily Housing Revenue Bonds were issued by the California Statewide Communities Development Authority and Wells Fargo Bank in exchange for certain affordable housing covenants, reservations, and restrictions.

Following the dissolution of all redevelopment agencies in the State of California pursuant to AB x1 26, we understand that on January 31, 2012, the former Foster City Community Development Agency was dissolved and that in accordance with AB x1 26, and all applicable law, the City Council of the City of Foster City elected to become the Successor Agency to the former Community Development Agency (“Successor Agency”). We further understand that the City Council of the City of Foster City agreed to become the successor

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housing agency, taking over the housing assets and obligations of the former Community Development Agency. As a result of these actions and subsequent legislation (AB 1484), the above-referenced agreements are now subject to administration by the Successor Agency in accordance with applicable law.

Pursuant to the DDA, the Successor Agency is required to provide rental subsidies to the Marlin Cove Redevelopment Project in order to ensure the affordability of at least thirty percent (30%) of the units in the residential portion of the site to persons and households of very low, low, and moderate income, in accordance with the Affordable Housing Covenant. The rental subsidies, which include certain tax increment revenue funds as defined in the DDA, California Health and Safety Code Sections 33670(b) and 33334.2(e)(8), and all applicable law, are required to be paid to M.H. Podell until January 4, 2029 or the termination of the Affordable Housing Covenant, whichever shall first occur. The requirement to pay the rental subsidies runs with the land and inures to the benefit of any transferee or lender, provided such lender or its successor agrees to maintain the project in accordance with the Affordable Housing Covenant.

Because the Affordable Housing Covenant remains in effect today, M.H. Podell requests that the Successor Agency continue to comply with the DDA and Affordable Housing Covenant, including the Successor Agency's ongoing obligation to provide rental subsidies as those subsidies were defined and agreed to at the time of the execution of the applicable agreements. We note that the projections provided to our client by City staff utilize a new calculation methodology which is inconsistent with the clearly defined terms in the applicable agreements, and we request that the rental subsidies be properly calculated on an ongoing basis. A failure by the City to provide the rental subsidies in whole or in part would constitute an "Event of Default" as that term is defined in the DDA, and M.H. Podell is prepared to pursue all available rights and remedies should an Event of Default occur, including but not limited to termination or renegotiation of the DDA and Affordable Housing Covenant and/or a court action.

Given the contractual obligations of the Successor Agency with respect to the Marlin Cove Redevelopment Project, on behalf of our client we request the Successor Agency to take any and all actions necessary to ensure the State of California and County of San Mateo duly calculate, allocate, and pass through to the Successor Agency all tax increment revenue funds due to M.H. Podell. Any reduced allocation or pass through would prevent the Successor Agency from performing its existing contractual obligations and would run afoul of the constitutional protections set forth in Article 1, Section 9 of the California Constitution.

Regarding the additional required subsidies, including the \$110,000 portion of the "Tax Increment Subsidy" not funded by tax increment, the Agency Grant, and the Utility Subsidy, we expect full payment to continue in accordance with the terms of the existing agreements.

Steve Tolan
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We appreciate the Successor Agency's ongoing support of the Marlin Cove Redevelopment Project, and look forward to continuing to work with the City and Successor Agency. To that end, please let us know if we can provide any additional information to the Successor Agency to assist in its discussions with the Oversight Board, County of San Mateo, or the California Department of Finance.

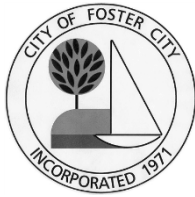
Very truly yours,

Clayton B. Gantz / P.T.

Clayton B. Gantz

cc: Gerald Ramiza
Kristina Lawson
Andrew A. Bassak

306384110.2



Oversight Board of the Successor Agency City of Foster City

Date: February 13, 2013
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Subject: Passthrough Implementation Agreement with San Mateo Union High School District (SMUHSD)

RECOMMENDATION

It is recommended that the Oversight Board approve the attached resolution authorizing the City Manager to execute a Passthrough Implementation Agreement ("Implementation Agreement") with SMUHSD to liquidate the remaining obligations under the Stipulated Judgment and Mutual Release Between the Community Development Agency of the City of Foster City and the San Mateo Union High School District Pursuant to Health and Safety Code Section 33401 dated June 27th, 1991 ("1991 Agreement").

EXECUTIVE SUMMARY

The 1991 Agreement calls for the payment of tax increment collected by the former Agency under the terms of the 1991 Agreement in annual amounts paid semi-monthly to SMUHSD. The remaining obligations total \$1,508,000 (see attached Exhibit A to the 1991 Agreement). Inasmuch as the Successor Agency has reserves that are specifically dedicated to the payment of this obligation, and in the interest of expediting the dissolution of the Successor Agency's obligations, it is recommended that the Implementation Agreement be approved and that the remaining obligation be included in the Recognized Obligation Payment Schedule (ROPS) for the July 1 to December 31, 2013 ROPS period.

BACKGROUND

The former Agency and SMUHSD entered into the 1991 Agreement to settle litigation arising out of the formation of the former Agency in 1981. The 1991 Agreement called for the former Agency to remit tax increment collected from the Project Area One project area in annual installments per the terms of the 1991 Agreement. Tax increment sufficient to liquidate the remaining obligations was collected upon the Project One Area reaching its tax increment cap in April 2011, and was deposited

into a Cooperative Services Agreement fund based on an agreement between the former Agency and the City of Foster City.

When ABx1 26 was enacted, these obligations were required to be reported on the ROPS and approved by the Oversight Board and California Department of Finance (“DOF”). The obligation has been approved by both bodies in previous ROPS periods.

The Oversight Board has expressed interest in expediting the winding down of the former Community Development Agency through payment of the enforceable obligations of the Successor Agency where possible. The funds necessary to liquidate the obligations under the 1991 Agreement are on deposit with the Successor Agency. As such, Successor Agency staff met with SMUHSD staff to negotiate the terms of an Implementation Agreement in order to facilitate this early liquidation.

ANALYSIS

The attached Implementation Agreement was prepared at the direction of staff by the Successor Agency’s legal counsel, Rafael Mandelman of Burke Williams & Sorensen LLP. The agreement was reviewed by SMUHSD legal counsel as well as by Craig Labadie, the Oversight Board’s legal counsel. The attached Implementation Agreement is the result of the negotiations and review by legal counsel of both agencies.

Legal counsel investigated whether or not the Implementation Agreement required approval by the San Mateo Superior Court. In the opinion of legal counsel, to the extent that both parties are in agreement to the liquidation of the remaining obligation and that the obligation is not being changed other than the advanced payment of the remaining obligation by the Successor Agency to SMUHSD, the need to gain prior approval by the Courts is mitigated.

The remaining obligation due under the 1991 Agreement is as follows:

Fiscal Year	Obligation Payable
2013-2014	\$ 493,000
2014-2015	\$ 503,000
2015-2016	\$ 512,000
Total	\$1,508,000

The Implementation Agreement calls for the total remaining obligation of \$1,508,000 to be paid no later than December 31, 2013.

Successor Agency and SMUHSD staff considered the option of discounting the payment stream based on an investment rate of return. However, current investment

return rates are less than 0.29%¹, and for SMUHSD the actual investment return rate is even lower than that. The calculated discount would have amounted to less than \$5,000. Given the immaterial amount of this calculated discount amount, and in an effort to mitigate any concerns of the SMUHSD Board in terms of liquidating this obligation, it is recommended that any consideration of a discount be waived in the interest of expediting the liquidation of this obligation.

Subject to Oversight Board approval of the attached resolution, the remaining obligation of \$1,508,000 will be incorporated in the ROPS for the July 1 to December 31, 2013 period, which is also included for consideration in this Agenda. This Implementation Agreement will also be brought before the SMUHSD Board at one of its next meetings. The exact date has not yet been determined, but it is expected to be brought before the Board in the next 30 days. The transmittal of the ROPS to the DOF by March 1, 2013 should not be affected. By incorporating the full amount on the ROPS, it allows for that full payment to be made. If the Oversight Board or the SMUHSD Board should, for whatever reason, not approve the agreement, then the Successor Agency will revert back to the terms of the existing 1991 Agreement and make the payments in accordance with the schedule in that agreement. The ROPS would not need to be revised, but rather the updated amounts would be reflected in the subsequent ROPS period. If, however, the Oversight Board and the SMUHSD Board approve the agreement, the City Manager will execute the agreement on behalf of the Successor Agency and payment of the obligation will be processed after July 1 and in no event later than December 31, 2013.

Attachments

- Resolution
- Passthrough Implementation Agreement
- Exhibit A, Payment Schedule, of the Stipulated Judgment and Mutual Release Between the Community Development Agency of the City of Foster City and the San Mateo Union High School District Pursuant to Health and Safety Code Section 33401 dated June 27th, 1991²

¹ This rate is based on the latest Local Agency Investment Fund rate of return published by the State Treasurer's Office.

² The entire 1991 Agreement was made available to the Oversight Board in its initial binder from April 2012, and will be made available at the meeting.

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING A PASSTHROUGH IMPLEMENTATION AGREEMENT WITH THE SAN MATEO UNION HIGH SCHOOL DISTRICT

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, the “Stipulated Judgment and Mutual Release Between the Community Development Agency of the City of Foster City and the San Mateo Union High School District Pursuant to Health and Safety Code Section 33401” dated June 27th, 1991 (“1991 Agreement”) was entered into by the parties in settlement of litigation arising out of the formation of the former Agency; and,

WHEREAS, the 1991 Agreement provided for the Community Development Agency (“former Agency”) to make annual payments of tax increment to the District in amounts provided in the 1991 Agreement; and,

WHEREAS, the obligations under the 1991 Agreement have been incorporated into the Recognized Obligation Payment Schedules (ROPS) since the dissolution of the former Agency in accordance with ABx1 26 and AB 1484 and have been approved by the California Department of Finance as enforceable obligations; and,

WHEREAS, in the spirit of ABx1 26, the Oversight Board wishes to expedite the winding down of the former Agency’s affairs, including the wind down of the obligations under the 1991 Agreement; and,

WHEREAS, the remaining obligation owed to SMUHSD totals \$1,508,000 and for which funds are already on deposit with the Successor Agency; and,

WHEREAS, a Passthrough Implementation Agreement has been developed to facilitate the liquidation of this obligation; and,

WHEREAS, the Successor Agency will incorporate the amount of \$1,508,000 in its ROPS for the July 1 to December 31, 2013 period.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City that the Passthrough Implementation Agreement, attached hereto and incorporate herein, is hereby approved.

BE IT FURTHER RESOLVED that the City Manager of the City of Foster City acting as Successor Agency staff is authorized to execute this agreement on behalf of the Oversight Board.

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 13th day of February, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

PASSTHROUGH IMPLEMENTATION AGREEMENT

This Passthrough Implementation Agreement (“**Implementation Agreement**”) is entered into as of the ___ day of _____, 2013, (“**Effective Date**”) by and between the Successor Agency City of Foster City (“**Successor Agency**”) and the San Mateo Union High School District (“**District**”).

RECITALS

A. On November 23, 1981, pursuant to authority granted by Health and Safety Code Section 33401, the Community Development Agency of the City of Foster City (“**Community Development Agency**”) and the District entered into an agreement entitled “Agreement Between the Community Development Agency of the City of Foster City and the San Mateo Union High School District Pursuant to Health and Safety Code Section 33401” (“**1981 Agreement**”).

B. The Community Development Agency and the District subsequently entered into that certain “Stipulated Judgment and Mutual Release Between the Community Development Agency of the City of Foster City and the San Mateo Union High School District Pursuant to Health and Safety Code Section 33401” dated June 27th, 1991 (“**1991 Agreement**”) in settlement of litigation arising out of the 1981 Agreement.

C. The 1991 Agreement provided for the Community Development Agency to make annual payments of tax increment to the District in amounts provided in the 1991 Agreement.

D. In accordance with AB 1X 26 (as amended by a decision filed by the California Supreme Court on December 29, 2011) (“**Dissolution Act**”), the Community Development Agency was dissolved, effective February 1, 2012, and the City Council of the City of Foster City determined that the City would serve as the successor agency to the former Community Development Agency.

E. The Dissolution Act, pursuant to Health and Safety Code Section 34177, tasks each successor agency with the responsibility, among other things, for winding down the dissolved redevelopment agency’s affairs and continuing to meet the former redevelopment agency’s enforceable obligations, as directed by an oversight board established pursuant to Health and Safety Code Section 34179 (“**Oversight Board**”).

F. Since the Community Development Agency was dissolved, the Successor Agency has continued to seek and obtain Oversight Board and Department of Finance approval for payments to the District as enforceable obligations required under the 1991 Agreement.

G. Health and Safety Code Section 34171(d)(1)(E) authorizes a successor agency, with the approval of its oversight board, to terminate any agreements entered into by the former redevelopment agency while providing any necessary compensation to other contracting parties.

H. In order to expedite the winding down of the former Community Development Agency’s affairs, the parties desire to enter into this Implementation Agreement to provide for

the Successor Agency, subject to prior Oversight Board and Department of Finance approval and in full satisfaction of the Successor Agency's obligations under the 1991 Agreement, to pay to the District from Successor Agency reserves the remaining amount owed under the 1991 Agreement.

A G R E E M E N T

Section 1. Incorporation of Recitals. Each of the Recitals set forth above is incorporated herein by this reference.

Section 2. Payment. The Successor Agency shall, prior to December 31, 2013 and subject to recognition and allowance of such payment by the Oversight Board and Department of Finance on the approved Recognized Obligation Payment Schedule for the July 2013 through December 2013 period, pay to the District from tax increment reserves of the former Community Development Agency the amount of One Million Five Hundred Eight Thousand Dollars (\$1,508,000.00).

Section 3. Full Satisfaction. The District acknowledges and agrees that the Successor Agency's payment described in Section 2 above shall be in full and complete satisfaction of any and all remaining obligations of the Successor Agency under the 1991 Agreement.

Section 4. Governing Law; Venue. This Implementation Agreement shall be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the State of California, without regard to the principles of such laws respecting conflicts of laws. Any action to enforce or interpret this Implementation Agreement shall be filed in the Superior Court of San Mateo County, California.

Section 5. Headings. The headings of the articles and sections contained in this Implementation Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Implementation Agreement or any provision hereof.

Section 6. Counterparts. This Implementation Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument, and any party hereto may execute this Implementation Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Implementation Agreement to be executed as of the day and year first above written.

SUCCESSOR AGENCY CITY OF FOSTER CITY

By: _____
James C. Hardy, Executive Director

ATTEST:

By: _____
Doris Palmer, Successor Agency Clerk

APPROVED AS TO FORM:

By: _____
Gerald J. Ramiza, Successor Agency
Special Counsel

-AND-

SAN MATEO UNION HIGH SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

PAYMENT SCHEDULE

Fiscal Year	Projected Net Tax Increment (in thousands)	District's Percentage Share	District's Share (in thousands)
1990-91	\$3,052		\$500
1991-92	3,106		300
1992-93	3,283		300
1993-94	3,396		300
1994-95	3,462		300
1995-96	3,526		300
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1996-97	3,590	7.5%	269
1997-98	3,656	7.5%	274
1998-99	3,724	7.5%	279
1999-2000	3,792	7.5%	284
2000-01	3,862	7.5%	290
2001-02	3,934	7.5%	295
2002-03	4,006	7.5%	300
2003-04	4,081	7.5%	306
2004-04	4,156	7.5%	312
2005-06	4,234	7.5%	318
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2006-07	4,312	10.0%	431
2007-08	4,393	10.0%	439
2008-09	4,475	10.0%	447
2009-10	4,558	10.0%	456
2010-11	4,666	10.0%	467
2011-12	4,754	10.0%	475
2012-13	4,843	10.0%	484
2013-14	4,934	10.0%	493
2014-15	5,027	10.0%	503
2015-16	5,121	10.0%	512
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DISTRICT'S TOTAL SHARE:			\$9,636



Oversight Board of the Successor Agency City of Foster City

Date: February 13, 2013
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 Period July 1 to
December 31, 2013

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, 2013 period (ROPS IV), for which the six-month amount of \$60,500 will be incorporated into the Recognized Obligation Payment Schedule (ROPS).

EXECUTIVE SUMMARY

Staff has prepared for Oversight Board consideration an Administrative Budget for the period July 1 to December 31, 2013 period based on a projection for the full 2013-2014 fiscal year to mirror the fiscal planning cycle of the City's annual budget. This budget is based upon a review of actual expenditures in the July 1 to December 31, 2012 period and based on staff's professional judgment projected into the upcoming 12-month period. The approval of AB 1484 requires that a Recognized Obligation Payment Schedule (ROPS) for the July 1 to December 31, 2013 period be submitted to the Department of Finance (DOF) for approval by March 1, 2013.

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, and in light of the opinions provided by Craig Labadie to the Oversight Board at its April 26, 2012 Special Meeting, staff has identified three (3) cost categories 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

The administrative costs are presented on a total basis. In the past, the costs were allocated to each project area (i.e., Marlin Cove and Hillsdale/Gull) to identify net available tax increment so that the subsidies set forth in the respective Development and Disposition Agreements (DDA) for both project areas required to be paid to the developers are appropriately calculated and paid to those developers. However, based upon staff’s interpretation and the Oversight Board’s interest in excluding administrative costs from the calculation of the subsidies for each project area, and in order to ensure that sufficient Redevelopment Property Tax Trust Fund (RPTTF) revenues are available to meeting the enforceable obligations to each project developer, staff recommends that the administrative budget be presented in total.

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, with the exception of the Sr. Accounting Specialist position which is covered under the terms of the Memorandum of Understanding with the American Federation of State, County and Municipal Employees District 57 Local 829 (“AFSCME”). Both of these agreements are three-year agreements which expire June 30, 2013. The City is in the process of negotiating successor agreements with these employee groups. It is not anticipated that the City will be making any significant changes in its compensation and benefits plans for FY 2013-2014.

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.
- Administrative Overhead Rate – this rate considers the costs that support the employee’s ability to provide services. An overhead rate of 10% is assigned to each administrative employee, which considers the costs of services, supplies, and technology tools that support each employee’s ability to provide administrative support functions.
- Hours per Year – the number of hours per year have been estimated for each employee in two areas:
 - Oversight Board Administration – these are the hours for each employee dedicated to providing support to the Oversight Board as distinguished from supporting the obligations for each project area. 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.

- Marlin Cove / Hillsdale-Gull Related Activities – these are the number of hours in support of the initiatives to wind-down these respective project areas. While from a ROPS perspective there are relatively few financial payment obligations associated with these project areas, a significant amount of time and effort are required to enforce the developers' obligations under their respective DDA's. The time estimated herein represents time associated with administering those agreements and paying the obligations associated with those agreements, and also includes the accounting-related activities associated with maintaining the financial records for the Successor Agency in those areas.

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, 2012. The Sr. Accounting Specialist position is not utilized in providing services to the Successor Agency, and as such those budgeted hours have been eliminated.

The total costs identified in terms of staff support for the Oversight Board on an annualized basis is \$41,500, which is a reduction from the \$67,900 estimated in the July 1, 2012 to June 30, 2013 period.

Professional Services and other costs in support of Successor Agency functions

There are four (4) 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.

- Metropolitan Planning Group – (Total: \$40,000) This is a professional services agreement with a firm for a contract planner position that provides an average of 10 hours per week of consulting services to support the Community Development Director in overseeing the performance of the developers and their property managers in terms of their obligations under the respective DDA's for each property. A portion of this time is supporting the obligations of each developer in terms of fulfilling their affordable housing commitment. 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, the City believes that 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. The amount has been reduced from \$55,000 in the prior Administrative Budget to \$40,000 based upon the reduced level of effort staff anticipates in using the services of Metropolitan Planning Group in this area.

- Burke, Williams & Sorensen – (Total: \$15,000) 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, the City believes that 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. The amount has been reduced from \$30,000 to \$15,000 based on projections of legal services required from the firm.
- Fraser & Associates – (Total: \$0) This item has been removed from the Administrative Budget for FY 2013-2014 as staff believes it is able to handle these matters without the need of consulting services. Prior amount was \$2,500.
- Housing Compliance Monitoring Software – (Total: \$7,500) This represents the costs of a software application called "Housing Compliance Services", which assists City staff in determining the developers' compliance with the affordable housing obligations within the DDA for each project area. 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, the City believes that 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. The amount is the same as the prior year as the software maintenance fees have not changed.
- Vavrinek, Trine and Day, LLP – (Total: \$6,000) 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. This amount was incorporated as an enforceable obligation in the prior year, but it is staff's understanding that the Department of Finance prefers that these costs be represented within the Administrative Budget.
- Foster City Islander and/or San Mateo Daily Journal – (Total \$1,000) Should the need arise to publish notice in either of these newspapers, it is recommended that \$1,000 be allocated to cover those costs. The City absorbed nearly \$700 in public hearing notices related to the special reports requiring a public hearing. While it is not anticipated that any public hearing notices would need to be issued, it is recommended that this placeholder be incorporated into the budget.

Professional Services and other costs in support of the Oversight Board

There is presently one cost identified for FY 2013-2014 that will support the Oversight Board in administering the responsibilities to the Successor Agency.

- Law Offices of Craig Labadie – (Total: \$10,000) 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 maintained at \$10,000 for FY 2013-2014.

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 Budget on an annualized basis is \$121,000, a reduction of \$52,000 from the prior budget amount of \$173,000. This amount is less than the \$250,000 baseline amount required under the legislation.

It is recommended that 50% of this total, or \$60,500, be included in ROPS IV for the period July 1 to December 31, 2013. ROPS IV is also on the agenda for consideration at this meeting.

The implementation of AB 1484 requires that the ROPS for the July to December 2013 period be submitted to the Department of Finance by March 1, 2013. The Oversight Board wished to have the opportunity to review financial analyses in regards to budget versus actual expenditures associated with the Administrative Budget prior to the adoption of the subsequent period's budget. That analysis has been provided herein and has been incorporated into staff's proposed Administrative Budget for FY 2013-2014.

Attachments

- Resolution
- Attachment 1: Proposed Administrative Budget – July 1 to December 31, 2013
- Attachment 2: Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities – FY 2013-2014
- Attachment 3: Budget vs. Actual Analysis – July 1 to December 31, 2012
- Attachment 4: Budget vs. Actual Analysis - Directly Attributable Personnel Time Dedicated to Successor Agency Activities – July 1 to December 31, 2012

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, 2013

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, 2013 that incorporates the costs associated with administering the affairs of the Successor Agency totaling \$60,500.

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, 2013 totaling \$60,500 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 13th day of February, 2013 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 Period July 1, 2013 to June 30, 2014**

Attachment 1

**Cost Projections
Prepared
on an Annualized Basis**

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.	41,500
Professional Services and other costs in support of Successor Agency functions		
Metropolitan Planning Group	10 hours per week of consulting services to provide administration support to staff in overseeing the obligations of the former Agency, including oversight of the Marlin Cove, Hillsdale / Gull, and those obligations from the prior Project Area One for which no future tax increment or other revenue sources are available to support those obligations.	40,000
Burke, Williams & Sorensen	Legal consulting services relative to administering the obligations under the Marlin Cove and Hillsdale/Gull project areas as well as obligations under the former Project Area One project area for which no future tax increment or other revenues sources are available to support those obligations.	15,000
Housing Compliance Monitoring Software	Software to assist in managing compliance with affordable housing commitments for the Marlin Cove and Hillsdale/Gull project areas, and the obligations under the former Project Area One project area for which no future tax increment or other revenues are available to support those obligations.	7,500
Vavrinek Trine and Day, LLP	Financial auditing services relative to the Successor Agency funds presented on the City's Financial Statements	6,000
Foster City Islander and/or San Mateo Daily Journal	Publication of Public Hearing Notices	1,000
Professional Services and other costs in support of the Oversight Board		
Law Offices of Craig Labadie	Legal consulting services to the Oversight Board	10,000
Total Administrative Cost Allowance Request	Annual	<u>121,000</u>
	Say	<u>121,000</u>
Administrative Budget split into equal amounts for each 6-months ROPS period		<u>60,500</u>

**Successor Agency City of Foster City
 Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities
 For the Period July 1, 2013 to June 30, 2014**

Attachment 2

			Cost Projections Prepared on an Annualized Basis					
			Oversight Board Administration		Marlin Cove / Hillsdale-Gull Related Activities		Total	
Position	Chargeable Hourly Rate	10% Add'l Admin Overhead Rate	# Hours per Year		# Hours per Year		# Hours per Year	
				\$		\$		\$
City Manager	\$ 217.00	10%	10	2,387	10	2,387	20	4,774
Assistant City Manager	\$ 175.00	10%	30	5,775	30	5,775	60	11,550
Management Assistant	\$ 71.00	10%	30	2,343	10	781	40	3,124
Community Development Director	\$ 149.00	10%	8	1,311	10	1,639	18	2,950
Finance Director	\$ 173.00	10%	20	3,806	40	7,612	60	11,418
Accounting Manager	\$ 100.00	10%	10	1,100	60	6,600	70	7,700
Sr. Accounting Specialist	\$ 72.00	10%	-	-	-	-	-	-
Total			108	16,722	160	24,794	268	41,516
			say	16,700		24,800		41,500

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 2013. Assumes Oversight Board meetings on average no more than once per quarter.

**Successor Agency City of Foster City
Budget vs. Actual Analysis
For the Period July 1, 2012 to December 31, 2012**

Item	Description	Cost Projections Prepared on an Annualized Basis	Actual Expenditures - July to December 2012	Comments
		Total Cost	Actual Costs	
City Staff Costs				
City of Foster City - Administrative Support	Administrative support services, including Oversight Board support, financial management, affordable housing compliance and monitoring, etc.	67,900	33,950	See analysis of YTD personnel costs attached. Amount shown herein represents 1/2 of the amount agreed to per the original Administrative Budget for the July to December 2012 period
Professional Services and other costs in support of Successor Agency functions				
Metropolitan Planning Group	10 hours per week of consulting services to provide administration support to staff in overseeing the obligations of the former Agency, including oversight of the Marlin Cove, Hillsdale / Gull, and those obligations from the prior Project Area One for which no future tax increment or other revenue sources are available to support those obligations.	55,000	7,453	Costs are trending lower than anticipated, however additional time will be typically spent towards the April to June time frame as reports are reviewed of project developers in terms of their compliance with affordable housing covenants.
Burke, Williams & Sorensen	Legal consulting services relative to administering the obligations under the Marlin Cove and Hillsdale/Gull project areas as well as obligations under the former Project Area One project area for which no future tax increment or other revenues sources are available to support those obligations.	30,000	5,795	Costs are trending lower than anticipated.
Fraser & Associates	Financial consulting related to net tax increment calculations on the affordable housing covenants under the DDAs for the Marlin Cove and Hillsdale/Gull Project Areas.	2,500	-	Determined that assistance is not necessary, and can instead be handled by in-house staff and assistance from the Metropolitan Planning Group.
Housing Compliance Monitoring Software	Software to assist in managing compliance with affordable housing commitments for the Marlin Cove and Hillsdale/Gull project areas, and the obligations under the former Project Area One project area for which no future tax increment or other revenues are available to support those obligations.	7,500	-	Payment anticipated in January to June 2013 time period.
Professional Services and other costs in support of the Oversight Board				
Law Offices of Craig Labadie	Legal consulting services to the Oversight Board	10,000	2,563	Costs are trending lower than anticipated.
Total Administrative Cost Allowance Request		Annual	Actual	
		172,900	49,760	
		Say	173,000	
	Administrative Budget for the period July 1, 2012 to December 31, 2012	86,500		

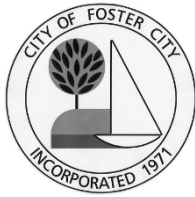
**Successor Agency City of Foster City
Budget vs. Actual Analysis - Directly Attributable Personnel Time Dedicated to Successor Agency Activities
FY 2012-2013**

Position	Chargeable Hour per Rate	10% Add'l Admin Overhead Rate	Oversight Board Administration		AHRA / CSA / Marlin Cove / Hillsdale-Gull Related Activities		Total	
			# Hours per Year	\$	# Hours per Year	\$	# Hours per Year	\$
City Manager	\$ 221.34	10%	20	4,869	20	4,869	40	9,739
Assistant City Manager	\$ 176.46	10%	60	11,646	60	11,646	120	23,293
Management Assistant	\$ 72.42	10%	30	2,390	20	1,593	50	3,983
Community Development Director	\$ 144.84	10%	12	1,912	80	12,746	92	14,658
Finance Director	\$ 160.14	10%	12	2,114	32	5,637	44	7,751
Accounting Manager	\$ 102.00	10%	4	449	40	4,488	44	4,937
Sr. Accounting Specialist	\$ 73.44	10%	4	323	40	3,231	44	3,554
Total			142	23,703	292	44,211	434	67,915
			say	23,700		44,200		67,900

**Actuals - July to
December 2012**

# Hours	\$	Comments
22.50	5,478	Hours on target for entire year.
83.50	16,208	Hours on target for entire year.
4.25	339	Fewer hours necessary as most reports submitted electronically.
3.50	558	Most efforts delegated to consultant under existing hours in Admin budget.
149.00	26,247	Significant efforts necessary to attend to DDR reviews
15.50	1,739	Efforts utilized less than anticipated.
-	-	Successor Agency support not provided at this level. Will reallocate hours in subsequent budget
		In the subsequent six months (Jan to June 2013), the total number of hours should reduce substantially from the previous six months, but it is likely that the total hours and cost will exceed the original estimates through the end of FY 2012-2013.
278.25	50,568	

Note: Hours estimate was based upon experience and professional judgment assuming the wind-down of Agency activities. These are hours estimates for FY 2012-2013. Estimates were made prior to the passage of AB1484, the RDA clean-up language, requiring the preparation of the DDR's for LMIHF Funds and Other Funds.



Oversight Board of the Successor Agency City of Foster City

Date: February 13, 2013
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, 2013

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving a Recognized Obligation Payment Schedule (“ROPS”) for the Period July 1 to December 31, 2013.

EXECUTIVE SUMMARY

In accordance with California Health & Safety Code (“H&S Code”) §34177(l), the Successor Agency has prepared a ROPS for the period July 1 to December 31, 2013. 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 includes the obligations to the San Mateo Union High School District (SMUHSD), PWM Residential Ventures LLC, Prometheus Development, and repayment of the loan from the City of Foster City in the period of January 1 to June 30, 2013 (ROPS III). The proposed ROPS is reflective of the revised format required by the DOF.

The Oversight Board is asked to consider the approval of an Administrative Budget under a separate agenda item at this meeting. The proposed amount totaling \$60,500, subject to approval by the Oversight Board, has been incorporated as an “Administrative Cost Allowance” on the ROPS. In addition, the Oversight Board is asked to consider the approval of a Passthrough Implementation Agreement with SMUHSD that would fully liquidate the obligation under the Stipulated Judgment and Mutual Release with existing reserves totaling \$1,508,000.

The Successor Agency was underfunded in the distribution of RPTTF revenues from the County Controller’s office in the ROPS III distribution by the amount of \$19,540. This amount has been added to this ROPS to ensure that the Successor Agency is made whole for the administrative costs for the prior ROPS period.

Finally, given the Oversight Board's interest in ensuring that the developers under the Marlin Cove and Hilldsale/Gull project areas are not harmed as a result of the implementation of ABx1 26 and AB 1484, the subsidies payable to the developers in the ROPS III period were underestimated by a total of \$22,800. These additional funds are requested in this ROPS and will be paid in July 2013.

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 three (3) 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, 2013 has been prepared and is attached to this Staff Report.

On June 12, 2012, the Oversight Board approved an amended ROPS for the July 1 to December 31, 2012 period that incorporated a total of \$120,000 in sinking funds that would be withheld by the County Controller and remitted to the Successor Agency necessary to fulfill the obligations of the Development and Disposition Agreements with the developers of the Marlin Cove and Hillsdale/Gull project areas. On June 25, 2012, the Successor Agency received notice from the Department of Finance that the concept of a sinking fund was not appropriate for the payment of non-debt related enforceable obligations.

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** – at the April 26, 2012 Board meeting, the Board requested that the District provide its opinion as to whether or not it would prefer that the entire remaining obligation be paid in one lump sum, or whether it desired to maintain the payment schedule as provided in the Stipulated Judgment. In January 2013, SMUHSD staff discussed the matter with Successor Agency staff. Both parties expressed interest in liquidating the obligation with existing reserves. As a separate action item on this Agenda, the Oversight Board was asked to consider the approval of a Passthrough Implementation Agreement with SMUHSD that allows for the early liquidation of the remaining obligation. Subject to Oversight Board and SMUHSD Board approval, the full amount

payable under the agreement of \$1,508,000 has been included in this ROPS. The source of funds for this obligation is from the funds on deposit with the City under the terms of the Cooperative Services Agreement. No further tax increment is required to liquidate this obligation in full.

Marlin Cove Project Area

- PWM Residential Ventures LLC – these represent the estimated payments required under the terms of the Disposition and Development Agreement with the developer. The total outstanding obligations for the agency grant, affordable housing subsidy, and utility subsidy are incorporated into this ROPS based upon staff's best estimate of project property taxes on the project areas. *It must be noted that in preparing ROPS III, staff had not received final FY 2012-2013 tax projections from the County Controller's Office at the preparation and submittal of that ROPS.* Furthermore, the Oversight Board indicated at its January 8, 2013 meeting its desire to ensure that the developers for this project area were "made whole" in terms of the subsidies required as though ABx1 26 and AB 1484 had not been passed to ensure that they were not harmed. Staff recomputed the subsidy payable to PWM and noted that the Affordable Subsidy Amount of \$173,000 in the ROPS III period was underestimated by \$10,000. The total amount should have been \$183,000 that would make the developer whole and would be reflective of the actual tax increment collected from the project area. Accordingly, the additional \$10,000 payable to the developer is included in this ROPS payable from RPTTF funds.
- Administrative Cost Allowance – in reflection of the method in which the County Controller is calculating available RPTTF funds and reporting the combined financial activities of the Successor Agency, the Administrative Cost Allowance is combined as one figure in this ROPS. See below.

Hillsdale/Gull Project Area

- Prometheus Development – these represent the estimated payments required under the terms of the Disposition and Development Agreement with the developer. The total outstanding obligations for the affordable housing subsidy is incorporated into this ROPS based upon staff's best estimate of project property taxes on the project areas. *It must be noted that in preparing ROPS III, staff had not received final FY 2012-2013 tax projections from the County Controller's Office at the preparation and submittal of that ROPS.* Furthermore, the Oversight Board indicated at its January 8, 2013 meeting its desire to ensure that the developers for this project area were "made whole" in terms of the subsidies required as though ABx1 26 and AB 1484 had not been passed to ensure that they were not harmed. Staff recomputed the subsidy payable to PWM and noted that the Affordable Subsidy Amount of \$191,000 in the ROPS III period was underestimated by \$9,000. The total amount should have been \$200,000 that would make the developer whole and would be reflective of the actual tax increment collected from the project area. In addition, the County Controller's Office indicated in the calculation

and distribution of RPTTF in January 2013 that there was just under \$3,800 of insufficient funds to fully fund the RPTTF portion of the obligation. Accordingly, the total of these two amounts, \$12,800, are added to the ROPS as being payable from RPTTF funds in this period.

- Administrative Cost Allowance – The County Controller indicated to us in January 2013 that there was insufficient RPTTF funds available to fully fund the administrative cost allowance for the January to June 2013 period. The full amount requested was \$29,500, however the amount actually funded by the County was \$9,960. As such, the Successor Agency was underfunded for the administrative cost allowance totaling \$19,540. This has been requested from this period's RPTTF funds to ensure that the Successor Agency can meet its administrative cost obligations for the prior ROPS period. On a go-forward basis starting with the July 1 to December 31, 2013 ROPS period, and in reflection of the method in which the County Controller is calculating available RPTTF funds and reporting the combined financial activities of the Successor Agency, the Administrative Cost Allowance is combined as one figure in this ROPS. See below.

Administrative Cost Allowance

- All Project Areas – in reflection of the methodology employed by the County Controller in reporting the financial activities of the Successor Agency in a combined presentation, and that the distinction of the administrative cost allowance by project area has no impact on the calculation of subsidies paid under the respective agreements with the developers, the Administrative Cost Allowance is now presented as one figure in the ROPS. The amount in this ROPS period of \$60,500 is based upon the recommended Administrative Cost Allowance Budget as presented in a separate staff report to the Oversight Board at this meeting.

Loan Repayment to City of Foster City

- Loan Repayment – In the ROPS III period, and in light of the passage of AB 1484 and the interpretation of the DOF that the sponsoring city may loan funds to the Successor Agency to allow it to cover its obligations, the Oversight Board and the City of Foster City approved a loan agreement in August 2012. ROPS III anticipated the need for the Successor Agency to borrow a total of \$140,000 from the City in order to fulfill its obligations to the respective developers of the Marlin Cove and Hillsdale/Gull project areas. Those funds will be paid back in July 2013. The amount to be paid is based on \$140,000 of loan principal, plus \$100 of interest that is conservatively estimated based on the recent investment return rates of the Local Agency Investment Fund (LAIF). The actual interest amount will be calculated based on the actual LAIF investment return rate during the month in which the repayment to the City is made, which will be July 2013. The interest allowance is expected to be sufficient to cover the loan repayment.

Subject to approval of the attached resolution, the final ROPS will be transmitted to the San Mateo County Controller's Office and the State Controller's Office by the deadline of March 1, 2013, and will also be transmitted to the State Department of Finance for approval.

Attachments

- Resolution
- Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2013

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1 TO DECEMBER 31, 2013

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, 2013 (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 has adopted an Administrative Budget at its February 13, 2013 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, 2013.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City that the Recognized Obligation Payment Schedule for the Period July 1 to December 31, 2013, attached hereto and incorporated herein, is hereby approved.

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, 2013.

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 13th day of February, 2013 by the following vote:

AYES: —

NOES: —

ABSENT: —

ABSTAIN: —

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

SUCCESSOR AGENCY CONTACT INFORMATION

Successor Agency

ID: **311**
County: **San Mateo**
Successor Agency: **Foster City**

Primary Contact

Honorific (Ms, Mr, Mrs)	Mr
First Name	Steve
Last Name	Toler
Title	Assistant City Manager
Address	610 Foster City Blvd
City	Foster City
State	CA
Zip	94404
Phone Number	650-286-3214
Email Address	stoler@fostercity.org

Secondary Contact

Honorific (Ms, Mr, Mrs)	Ms
First Name	Lin-Lin
Last Name	Cheng
Title	Finance Director
Phone Number	650-286-3265
Email Address	Lcheng@fostercity.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **FOSTER CITY (SAN MATEO)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$7,203,640

Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$1,508,000
B Enforceable Obligations Funded with RPTTF	\$182,440
C Administrative Allowance Funded with RPTTF	\$60,500
D Total RPTTF Funded (B + C = D)	\$242,940
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$1,750,940
F Enter Total Six-Month Anticipated RPTTF Funding	\$503,500
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$260,560

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))

H Enter Estimated Obligations Funded by RPTTF <i>(lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed)</i>	\$86,500
I Enter Actual Obligations Paid with RPTTF	\$0
J Enter Actual Administrative Expenses Paid with RPTTF	\$86,500
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$0
L Adjustment to RPTTF (D - K = L)	\$242,940

Certification of Oversight Board Chairman:

Dick W. Bennett

Chair

Pursuant to Section 34177(m) of the Health and Safety code,

Name

Title

I hereby certify that the above is a true and accurate Recognized

Obligation Payment Schedule for the above named agency.

/s/ Dick W. Bennett

2/12/2013

Signature

Date

FOSTER CITY (SAN MATEO)
Pursuant to Health and Safety Code section 34186 (a)
PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)
July 1, 2012 through December 31, 2012

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
					Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
					\$0	\$0	\$0	\$0	\$0	\$0	\$86,500	\$86,500	\$0	\$0	\$6,554,500	\$252,055
1	Stipulated Judgment	San Mateo Union High School District	Obligations under the Stipulated Judgment and Mutual Release between the Agency and SMUHSD dated June 27, 1991, payable through June 2016.	Project Area One											242,000	242,000
2	DDA	PWM Residential Ventures LLC	Agency Grant to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through May 2014	Marlin Cove												
3	DDA	PWM Residential Ventures LLC	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	Marlin Cove												
4	DDA	PWM Residential Ventures LLC	Utility Subsidy to Developer per the terms of the Disposition and Development Agreement for the Marlin Cove Project through January 2029	Marlin Cove												
5	Administrative Cost Allowance	City of Foster City	Administrative Cost Allowance	Marlin Cove												
6	DDA	Prometheus Development	Affordable Housing Subsidy to Developer per the terms of the Disposition and Development Agreement for the Hillside/Gull Project (aka "Miramar Apartments") through June 2018	Hillside/Gull												
7	Administrative Cost Allowance	City of Foster City	Administrative Cost Allowance	Hillside/Gull							57,000	57,000				
8	Due Diligence Review Mandated by AB1484	Vavrinek, Day, Trine & Company, LLP	Due Diligence Reviews required by California Health & Safety Code §34179.5	All Project Areas												
9	Administrative Cost Allowance	City of Foster City	Administrative Cost Allowance	All Project Areas							29,500	29,500				
10	Loan Agreement per H&S 34173(h)	City of Foster City	Loan Repayment from Prior ROPS Period	All Project Areas												
N/A	Membership contract with HEART-SMC	Housing Endowment and Regional Trust of San Mateo County	Membership contract for regional construction, rehabilitation, acquisition of affordable housing and placement services to LMI residents and seniors	Project Area One											12,500	10,055
N/A	OPA	Northwestern Mutual	Affordable housing subsidy under the terms of the Owner Participation Agreement (OPA) for the Pilgrim-Triton Development Project	Project Area One											6,300,000	0

FOSTER CITY (SAN MATEO)
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A) -- Notes (Optional)
July 1, 2013 through December 31, 2013

Item #	Project Name / Debt Obligation	Notes/Comments
1	Stipulated Judgment	This obligation is payable under the terms of a Cooperative Services Agreement between the Agency and the City dated April 18, 2011. While the City maintains that this agreement is a valid contract, and without prejudice to the arguments of its validity, this enforceable obligation of the Agency that has been transferred to the City under that agreement is included in the ROPS. On February 13, 2013, the Oversight Board approved a resolution to liquidate the remaining payments to SMUHSD in an effort to expedite the dissolution of the Successor Agency.
2	DDA	
3	DDA	The enforceable obligation owed to the developer was underestimated in the ROPS III (12-13B) period due to the actual tax increment collected being higher than the original estimate, which increases the subsidy payable under the terms of the Disposition and Development Agreement. In order to make the developer whole as required under the DDA, the additional funds required will be paid from RPTTF in this period in July 2013.
4	DDA	
5	Administrative Cost Allowance	Administrative cost allowance is now presented across all project areas rather than broken down by project area. See item #9
6	DDA	The enforceable obligation owed to the developer was underestimated in the ROPS III (12-13B) period due to the actual tax increment collected being higher than the original estimate, which increases the subsidy payable under the terms of the Disposition and Development Agreement. In order to make the developer whole as required under the DDA, the additional funds required will be paid from RPTTF in this period in July 2013.
7	Administrative Cost Allowance	The County Controller indicated to us in January 2013 that there was insufficient RPTTF funds available to fully fund the administrative cost allowance for the January to June 2013 period. The full amount requested was \$29,500, however the amount actually funded by the County was \$9,960. As such, the Successor Agency was underfunded for the administrative cost allowance totaling \$19,540. This has been requested from this period's RPTTF funds to ensure that the Successor Agency can meet its administrative cost obligations for the prior ROPS period. Administrative cost allowance is now presented across all project areas rather than broken down by project area. See item #9
8	Due Diligence Review Mandated by AB1484	
9	Administrative Cost Allowance	Administrative cost allowance is now presented across all project areas rather than broken down by individual project area.
10	Loan Agreement per H&S 34173(h)	Repayment from borrowed funds from the City of Foster City under the terms of a Loan Agreement approved by the Oversight Board in accordance with HSC 34173(h) on August 8, 2012. Loan stems from enforceable obligations payable in the January to June 2013 ROPS period for which there was not sufficient RPTTF funds available until the current period and includes interest per the terms of the Loan Agreement.
N/A	OPA	Under the "Prior Period Payments" tab - the payment of this affordable housing subsidy to Northwestern Mutual was not paid in the July to December 2012 ROPS period as the developer was delayed in obtaining its certificate of occupancy for all of the housing units constructed until January 2013. Payment of this \$6.3 million obligation is now taking place and will be fully liquidated by June 30, 2013 through the use of reserves withheld as indicated in our DDR - LMIHF approved by DOF in December 2012.

