

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

REGULAR MEETING

September 11, 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. Selection of Officer
 - a. Vice-Chair
5. Minute Approval
 - a. April 10, 2013
6. Reports
 - a. Verbal Update on Pending Legislation Impacting Redevelopment in California
 - 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
7. Resolutions for Adoption
 - a. A Resolution Approving an 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

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

8. Old Business

9. New Business

10. Future Agenda Items

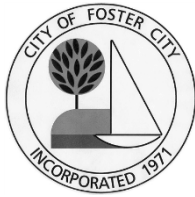
- a. A Resolution Amending the ByLaws of the Oversight Board for Semi-Annual Meetings (March 12, 2014)
- b. Selection of Officers (March 12, 2014)
- c. Approval of an Administrative Budget for the Period July to December 2014 (March 12, 2014 – Due to DOF on April 1, 2014)
- d. Approval of Recognized Obligation Payment Schedule for the Period July to December 2014 (March 12, 2014 – Due to DOF on April 1, 2014)

11. Member Statements and Requests

12. 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 of the Successor Agency City of Foster City

Date: September 11, 2013
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Subject: Selection of Officer – Vice-Chair

RECOMMENDATION

Former Vice-Chair Mary McMillan retired from service with the County of San Mateo in August 2013. County Manager John Maltbie informed the Successor Agency in August that Marshall Wilson, County Public Information Officer, will serve on the Successor Agency's Oversight Board as the County of San Mateo's representative replacing Ms. McMillan.

In light of the vacancy of the office of Vice-Chair, and in compliance with the By-Laws of the Oversight Board, it is recommended that the Oversight Board select a new Vice-Chair at this time.

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

Minutes

Meeting Date:
April 10, 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, Vice-Chair Mary McMillan,
Members Jim Keller, Linda Koelling, Elizabeth McManus, Rick
Wykoff**

Members Absent: **Member Tina Acree**

Staff Present: **Steve Toler (Assistant City Manager / Secretary), Jim Hardy
(City Manager), Lin-Lin Cheng (Finance Director); 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 5b below**
4. Minute Approval
 - a. February 13, 2013 – **Motion by Member Koelling, Seconded by
Member Keller to approve the minutes as submitted. Motion
passed 5-0-2 (Members Acree and McManus absent)**
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
 - i. **Mr. Toler provided an update that the Department of
Finance issued its Determination Letter to the
Successor Agency that indicated the Successor Agency
was obligated to distribute \$5,195,343 to taxing entities
claiming that funds were improperly transferred from
the former Agency to the City and that those funds were
never transferred back to the Successor Agency as
required under the legislation. Mr. Toler indicated that**

the DOF made a serious error in terms of not understanding that a majority of those funds were transferred back and under the control of the Successor Agency. Staff filed a Meet & Confer request with the DOF on April 2, 2013. The Meet & Confer meeting is scheduled for April 16 and will be attended by Mssrs Hardy and Toler, Ms. Cheng, and Successor Agency legal counsel Jerry Ramiza.

b. Update on DOF Approval of ROPS 13-14A (July to December 2013)

i. The ROPS 13-14A was approved by the DOF on March 29, 2013.

6. Resolutions for Adoption

a. A Resolution Approving an Agreement Pursuant to Health and Safety Code Section 34181(e) with the San Mateo Union High School District

i. Note that Member McManus arrived at 8:13 a.m. in time for the discussion of this item.

ii. Mr. Toler delivered the staff report. Discussion ensued. Motion by Vice-Chair McMillan, Seconded by Member Keller, to approving Resolution #2013-005 as submitted. Motion passed 5-0-1-1 (Member McManus abstaining; Member Acree absent)

7. Old Business – **None**

8. New Business – **None**

9. Future Agenda Items

a. A Resolution Amending the ByLaws of the Oversight Board for Semi-Annual Meetings (September 2013)

b. Selection of Officers (September 2013)

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

- i. **Chair Bennett indicated a desire to review whether or not a Conflict of Interest Code was required for the Board. (Oversight Board Legal Counsel Craig Labadie indicated that a Conflict of Interest Code in his opinion would not be necessary given the provisions spelled out in the Statute regarding Oversight Boards.)**

11. **Adjournment – Meeting adjourned at 8:20 a.m.**



Oversight Board of the Successor Agency City of Foster City

Date: September 11, 2013
To: Chair and Members of the Oversight Board
Via: James C. Hardy, City Manager
From: Steve Toler, Assistant City Manager
Subject: 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

Attached is the final determination letter received from the Department of Finance (DOF) on the Due Diligence Review – All Other Funds (DDR). The DOF has indicated that it believes that a total of \$2.1 million should be remitted back to taxing entities, whereas the Staff, the Independent Auditors, and the Oversight Board itself determined that only \$809,000 should be remitted to the taxing entities.

Based upon the DOF's findings, the Successor Agency and City filed a Petition of Writ Mandate against the DOF in an effort to rectify the discrepancy. In the meantime, the Successor Agency remitted \$810,957 to the County Controller on September 6, 2013 representing the uncontested amount (\$809,293 plus interest of \$1,664) from the original DDR.

Staff will provide a more in-depth verbal update regarding the status of this item during the meeting.

Attachments:

- Department of Finance Final Determination Letter Dated 8/29/2013 – Other Funds and Accounts Due Diligence Review
- Letter to Bob Adler, County Controller from Steve Toler dated September 6, 2013



August 29, 2013

Mr. Steve Toler, Assistant City Manager
City of Foster City
610 Foster City Blvd.
Foster City, CA 94404

Dear Mr. Toler:

Subject: Other Funds and Accounts Due Diligence Review

This letter supersedes the California Department of Finance's (Finance) original Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter dated May 2, 2013. Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Foster City Successor Agency (Agency) submitted an oversight board approved OFA DDR to Finance on January 10, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance issued an OFA DDR determination letter on March 29, 2013. Subsequently, the Agency requested a Meet and Confer session on one or more items adjusted by Finance. The Meet and Confer session was held on April 16, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of those specific items being disputed. Specifically, the following adjustments were made:

- Finance previously increased the total assets transferred to the City of Foster City (City) during the period from January 1, 2011 to June 30, 2012 from \$0 to \$4,386,317. The total transfers should be \$1,368,510 (\$1,272,382 + \$76,559 + \$19,569) as further discussed below:
 - Our review indicates that \$1,272,382 was transferred to repay a general fund loan from the City to the Agency. This includes \$1,115,697 in principal and \$156,685 (\$111,264 + \$45,421) in interest. Per HSC section 34179.5 (c) (2), the dollar value of assets and cash transferred by the former redevelopment agency (RDA) or successor agency to the city, county, or city and county that formed the former RDA between January 1, 2011 through June 30, 2012, must be evidenced by documentation of the enforceable obligation that required the transfer. HSC section 34179.5 states "enforceable obligation" includes any of the items listed in subdivision (d) of section 34171. HSC section 34171 (d) (2) states "enforceable obligation" does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA, unless issued within two years of the former RDA's creation. These loans were issued after the first two years of the former RDA's creation. Therefore, the transfer was

not made pursuant to an enforceable obligation and is not permitted. The OFA balance available for distribution will be increased by \$1,272,382.

The repayment of the loan may become an enforceable obligation after the Agency receives a Finding of Completion from Finance. If the oversight board makes a finding that the loan was for legitimate redevelopment purposes, these loans should be placed on future Recognized Obligation Payment Schedules (ROPS) for repayment. Refer to HSC section 34191.4 (b) for more guidance.

- o Our review indicates \$612,243 was transferred to the City for payments towards a cooperation agreement between the City and the former RDA for work conducted through a contract between the City and a third party. The Agency claims it transferred back \$540,164 ($\$612,243 + \$4,480 - \$76,559$), which is the original amount transferred plus interest earned less payments for the cooperation agreement. Our review indicates that the Agency did earn \$4,480 in interest and that \$540,164 was transferred back to the Agency in February 2012. However, the cooperation agreement between the City and the former RDA is not an enforceable obligation since HSC section 34171 (d) (2) states "enforceable obligation" does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA; therefore, the \$76,559 was not paid pursuant to an enforceable obligation. We note that although this project was not denied for the January through June 2012 (ROPS I) period, the \$76,559 is not part of the amount allowed for payment during the ROPS I period since these expenditures occurred prior to the ROPS I period. Therefore, the OFA balance available for distribution will be increased by \$76,559.
- o Our review also indicates \$2,501,692 was transferred to the City for a cooperative agreement between the City and the former RDA entered into on April 18, 2011. Per this agreement, the Agency was to transfer unrestricted tax increment funds to the City for payments to the San Mateo Union High School District (District) pursuant to a June 27, 1991 stipulated judgment (Judgment). The Agency provided documentation showing that \$2,229,500 was transferred back to the Agency in February 2012. This amount is the original amount transferred less a \$237,500 payment to the District, \$19,569 of interest income that was retained for administrative costs, and \$34,692 to write off an unrealized gain. These are individually addressed as follows:
 - The Judgment included a structured payment schedule and per the schedule, the Agency made a \$237,500 payment. This payment was made pursuant to an enforceable obligation and is permitted.
 - The City retained \$19,569 to pay for administrative costs pursuant to a cooperative agreement between the former RDA and the City dated April 18, 2011. However, the cooperation agreement between the City and the former RDA is not an enforceable obligation since HSC section 34171 (d) (2) states "enforceable obligation" does not include any agreements, contracts, or arrangements between the city that created the RDA and the former RDA; therefore, the \$19,569 was not paid pursuant to an enforceable obligation. The OFA balance available for distribution will be increased by \$19,569.

- The Agency recorded a \$34,692 closing entry to account for an unrealized gain on investment. The Agency provided documentation supporting that the amount is in fact an adjustment and not a transfer. Therefore, no adjustment to the OFA balance available is necessary.

The Agency did not object to the following adjustment made by Finance during the Meet and Confer process. HSC section 34179.6 (d) authorizes Finance to make adjustments. We maintain that the following adjustment is appropriate:

- Fund balances requested to be retained in the amount of \$2,020,053 to cover future obligations was partially denied in our March 26, 2013 OFA determination letter. Based on additional conversations with Agency staff, we believe the retention of these funds is necessary to ensure adequate funding for enforceable obligations. Specifically:
 - Finance determined \$710,500 is required to cover enforceable obligations for the fiscal year 2012-13 that were listed on an approved ROPS and for which funding was provided.
 - It is our understanding the Agency's largest project area reached its tax increment cap in April 2011. As a result, the Agency's available tax increment was significantly reduced and will not be sufficient to cover all the Agency's obligations. Therefore, Finance's is authorizing the retention of the remaining \$1,309,553 to ensure adequate funding for the Stipulated Judgment with the San Mateo Union High School District, the last remaining obligation from the expired project area.

The Agency's OFA balance available for distribution to the affected taxing entities is \$2,177,803 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 809,293
Finance Adjustments	
Add:	
Disallowed transfers:	\$ 1,368,510
Total OFA available to be distributed:	\$ 2,177,803

This is Finance's final determination of the OFA balances available for distribution to the taxing entities. HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation.

If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

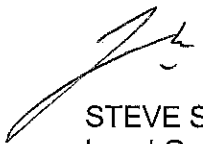
Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC sections 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

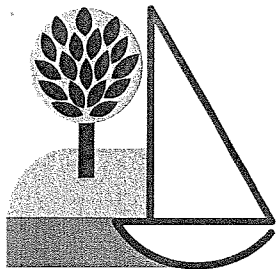
Please direct inquiries to Evelyn Suess, Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Lin-Lin Cheng, Finance Director, City of Foster City
Mr. Bob Adler, Auditor-Controller, County of San Mateo
Ms. Shirley Tourel, Auditor, County of San Mateo
Mr. Steven Mar, Bureau Chief, Local Government Audit Bureau, California State
Controller's Office



City of Foster City

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

610 FOSTER CITY BOULEVARD
FOSTER CITY, CA 94404-2222
(650) 286-3200
FAX (650) 574-3483

September 6, 2013

VIA HAND-DELIVERY AND E-MAIL

Mr. Bob Adler
County Controller
Controller's Office
County of San Mateo
555 County Center, 4th Floor
Redwood City, CA 94063

Dear Mr. Adler:

Subject: Payment under Protest – Health and Safety Code Section 34179.6

This letter is in response to the letter transmitted by the State Department of Finance ("Department") to the Successor Agency City of Foster City ("Successor Agency") by email at 11:22 a.m. on August 29, 2013 (the "Determination Letter"), setting forth the Department's "final determination" (as revised) regarding the "Other Funds" Due Diligence Review ("DDR-AOF") conducted for the Successor Agency pursuant to Health & Safety Code Sections 34179.5 and 34179.6(c).

The Determination Letter states that the Successor Agency is required to submit the sum of \$2,177,803 (the "Payment Demand") to the County Auditor-Controller for distribution to the taxing entities. The Determination Letter further states that the Successor Agency's failure to remit the Payment Demand within five (5) working days of receipt of the determination may result in, among other penalties, offsets to the property taxes and sales and use taxes allocated to the City of Foster City (the "City").

For a number of reasons, including without limitation, those described in this letter, the Successor Agency continues to dispute the amount the Department has determined to be payable.

The Successor Agency is transmitting the enclosed payment check for the undisputed amount of \$810,957.28, which represents \$809,293.00 originally reported in the DDR-AOF plus \$1,664.28 in accumulated interest earned on those funds since June 30, 2012 (the "Undisputed Funds"), to your office consistent with our view that the demand for remittance of remaining funds addressed in the Determination Letter is inconsistent with Assembly Bill x1 26 and Assembly Bill 1484 (collectively, the "Dissolution Act"), Community Redevelopment Law, and the California Constitution.

For the reasons stated below, we have withheld the following amounts from the Payment Demand: (i) \$1,272,382 repaid to the City pursuant to two valid and binding loans originating in 2005 and 2010, (ii) \$76,559 repaid to the City for its payment to Verde Design, Inc. for synthetic turf improvements under a Public Improvements Reimbursement Agreement

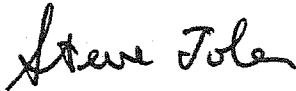
between the City and the former RDA, and (iii) \$19,569 expended under a Cooperative Services Agreement to reimburse the City for assuming the former RDA's obligations in connection with a Stipulated Judgment. Each of these amounts is pursuant to an enforceable obligation and is the subject of ongoing litigation, as the City and Successor Agency have challenged the Determination Letter's Payment Demand by petition for writ of mandate.

By remitting these Undisputed Funds, neither the Successor Agency nor the City waive any constitutional, statutory, legal, or equitable rights, and each such entity expressly reserves any and all rights, privileges, remedies and defenses available under law and equity.

We are copying the Department of Finance on this letter, and we hope to reach agreement on these matters.

Please contact me if you have any questions regarding these matters.

Sincerely,



Steve Toler
Assistant City Manager

cc: Steve Szalay, Local Government Consultant, Department of Finance
Shirley Tourel, Deputy County Controller, San Mateo County
Justin Mates, Deputy County Counsel San Mateo County
Jennifer Rockwell, General Counsel, Department of Finance
~~James C. Hardy, City Manager~~
Jean Savaree, City Attorney
Leah Castella, Special Counsel to the City, Burke Williams & Sorensen, LLP



Oversight Board of the Successor Agency City of Foster City

Date: September 11, 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 January 1 to June 30, 2014

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving an Administrative Budget for the Successor Agency for the January 1 to June 30, 2014 period (ROPS 13-14B), 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 January 1 to June 30, 2014 period based on the projection for the full 2013-2014 fiscal year that was approved for the July to December 2013 ROPS. The annual budget projection is prepared in light of the City's fiscal year and budgeting process which is performed on an annual basis. The attached budget was originally based upon a review of actual expenditures in the July 1 to December 31, 2013 period and based on staff's professional judgment projected over the 12-month period. An analysis of "budget vs. actual" for the entire fiscal year ended June 30, 2013 is provided for reference. The approval of AB 1484 requires that a Recognized Obligation Payment Schedule (ROPS) for the January 1 to June 30, 2014 period be submitted to the Department of Finance (DOF) for approval by October 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

NOTE: The following analysis is repeated in large part from the February 13, 2013 Staff Report. Staff is not recommending any changes at this time to the Administrative Budget for the January 1 to June 30, 2014 period except for a recommended increase of \$15,000 for the costs for Burke Williams & Sorensen LLP associated with the potential litigation on behalf of the Successor Agency.

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 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. A Management Employees Compensation and Benefits Plan was approved by the City Council as a one-year plan effective July 1, 2013 with no appreciable increases in compensation or benefits that impact the hourly rates.

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: **\$30,000, increased by \$15,000 from the original estimate on February 13, 2013**) 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 increased from \$15,000 to \$30,000 based upon the potential litigation on behalf of the Successor Agency.**
- 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 increased from \$121,000 to \$136,000 due to the additional amounts required for the Burke Williams Sorensen LLP services as indicated above.** This amount is less than the \$250,000 baseline amount required under the legislation.

It is recommended 50% of the original total of \$121,000, or \$60,500, plus an additional \$15,000 for legal services as indicated above, be included in ROPS 13-14B for the period January 1 to June 30, 2014. ROPS 13-14B is also on the agenda for consideration at this meeting.

The implementation of AB 1484 requires that the ROPS for the January to June 2014 period be submitted to the Department of Finance by October 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, 2013 to June 30, 2014
- Attachment 2: Analysis of Directly Attributable Personnel Time Dedicated to Successor Agency Activities – FY 2013-2014
- Attachment 3: Budget vs. Actual Analysis – July 1, 2012 to June 30, 2013

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD JANUARY 1 TO JUNE 30, 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 January 1 to June 30, 2014 that incorporates the costs associated with administering the affairs of the Successor Agency totaling \$75,500.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency City of Foster City that the Administrative Budget for the Period January 1 to June 30, 2014 totaling \$75,500 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 11th day of September, 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 and Hillsdale / Gull project areas.	40,000
Burke, Williams & Sorensen	Legal consulting services relative to 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.	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.	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>
Add:		
Burke, Williams & Sorensen	Additional legal services regarding potential litigation of the Successor Agency	15,000
Administrative Budget for Period January 1 to June 30, 2014		<u>75,500</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								
Position	Chargeable Hourly Rate	10% Add'l Admin Overhead Rate	Oversight Board Administration		Marlin Cove / Hillsdale-Gull Related Activities		Total	
			# 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 June 30, 2013**

Item	Description	Cost Projections Prepared on an Annualized Basis	Actual Expenditures - July 2012 to June 2013	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	116,413	Actual time spent on Successor Agency matters much higher than originally anticipated. Due primarily to time spent on DDR and Meet & Confer processes.
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	7,343	Costs are trending lower than anticipated
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	30,303	Costs were in line with expectations. Note there was additional time spent on the DDR review and Meet & Confer issues, as well as preparing potential litigation against the State for its decisions surrounding the DDR-AOF.
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	4,000	Software compliance package licensing lower than anticipated.
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	8,343	Costs lower than anticipated.
Total Administrative Cost Allowance Request		Annual	172,900	
		Say	173,000	
	Administrative Budget for the period July 1, 2012 to December 31, 2012		86,500	



Oversight Board of the Successor Agency City of Foster City

Date: September 11, 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 January 1 to June 30, 2014 (ROPS 13-14B)

RECOMMENDATION

It is recommended that the Oversight Board adopt the attached resolution approving a Recognized Obligation Payment Schedule for the period January 1 to June 30, 2014 ("ROPS 13-14B" or "ROPS").

EXECUTIVE SUMMARY

In accordance with California Health & Safety Code ("H&S Code") §34177(l), the Successor Agency has prepared ROPS 13-14B for the period January 1 to June 30, 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 includes the obligations to PWM Residential Ventures LLC and Prometheus Development. 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.

The H&S Code requires that the ROPS be prepared in a six (6) month period. As was the case for the ROPS II (12-13B), it is likely that there will be insufficient Redevelopment Property Tax Trust Fund (RPTTF) revenue to liquidate the obligations to the Marlin Cove and Hillsdale/Gull developers per the terms of their respective agreements (which anticipated payment once per year). The Oversight Board has held that the developers should be made whole to the fullest extent possible. However, as the current time of this Oversight Board meeting, the Successor Agency staff has not received an estimate from the County Controller in terms of the projected RPTTF that might be available for the 13-14B period. As a

result, staff is recommending that the projected obligations be included on the ROPS 13-14B as coming from RPTTF revenues, and that if subsequent to the submittal of the ROPS to the State we learn that there is insufficient RPTTF available to fully fund the obligations to the developers, that any deficiency of funds be considered to be borrowed from the City under the terms of the existing Loan Agreement between the Successor Agency and the City, and any repayment of those deficient funds will be requested from RPTTF revenues as part of the ROPS in the July to December 2014 period (ROPS 14-15A).

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 four (4) 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 January 1 to June 30, 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** – On May 24, 2013, the Successor Agency received a determination letter from the DOF that approved 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. That obligation will be paid in full by December 31, 2013. Accordingly, this item will no longer appear on future ROPS as it will have been liquidated 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. **The agency grant is a fixed amount of \$109,794 for which final payment will be made in this 13-14B ROPS period. The utility subsidy increases by a fixed 2% per year and is payable through 2029, so that figure is reasonably estimated at \$46,000.** However, 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). In short, the Successor Agency staff is “flying blind” when it prepares the estimates of the projected Affordable Housing Subsidy that will be payable nine months from today. As such, Successor Agency staff has taken a best-guess estimate of those amounts in the past. The most recent payment to the developer for the Affordable Housing Subsidy was \$180,908. **Staff is making a conservative estimate based upon the assessment rolls as provided by the County Assessor’s Office, and not knowing the final AB1290 passthrough payment requirements, that the Affordable Housing Subsidy in 13-14B will be \$200,000.** 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. **In order to be consistent with the Oversight Board’s policy decision in that regard, staff is recommending that the full amount of the grants and subsidies indicated above (totaling \$355,794) be included in the ROPS 13-14B payable from RPTTF funds, and to the extent that RPTTF funds are not sufficient to cover the enforceable obligation, that Successor Agency staff be allowed to draw upon the loan with the City to cover any deficiency amounts in order to ensure that the developer is “made whole” in terms of the obligations of the Successor Agency.**

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. 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). As such, Successor Agency staff has taken a best-guess

estimate of those amounts in the past. The most recent payment to the developer for the Affordable Housing Subsidy was \$232,493. The agreement with this developer sets a limit of the Affordable Housing Subsidy payable in any one year at \$233,659. **In order to ensure that the developer is made whole in terms of the obligations under the DDA, staff is including this maximum amount of \$233,659 as the obligation payable in this ROPS 13-14B, and to the extent that RPTTF funds are not sufficient to cover the enforceable obligation, that Successor Agency staff be allowed to draw upon the loan with the City to cover any deficiency amounts in order to ensure that the developer is “made whole” in terms of the obligations of the Successor Agency.**

As indicated above, the payment made to Prometheus in June 2013 was \$232,493 based on the calculation of amounts owed under the DDA. This amount was significantly above the original estimate of \$203,800 (which represented \$191,000 in the 12-13B period, and an additional amount of \$12,800 added to and approved in the 13-14A period). This variance in the amount paid was due to the fact that actual RPTTF revenues collected on the project area were greater than original estimates. The revenues increased due to the fact that prior reductions in assessed valuations based on appeals by the property owner were marked up based on current market conditions. Greater RPTTF revenues collected meant that the Affordable Housing Subsidy was greater than anticipated. The Oversight Board has been consistent in its direction to Successor Agency staff that the commitment made to the developers in the existing DDA’s must be adhered to and the developers should be “made whole” to the fullest extent possible. In light of that direction, Successor Agency staff paid the developer its full amount owed under the terms of the DDA. The incremental amount was borrowed from the City under the terms of the loan agreement between the City and the Successor Agency. **Staff is requesting that the Oversight Board approve a separate resolution that authorizes after-the-fact the borrowing amount of \$28,693 as an obligation that is due the City and that amount should be included in this ROPS period for reimbursement.**

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 Borrowing from and Repayment to City of Foster City

- Loan Borrowing – 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. Due to the unavailability of RPTTF estimates and AB1290 payment estimates from the County Controller at the time that this ROPS is prepared for approval and submittal to the DOF, it is difficult for Successor Agency staff to determine what amount of RPTTF will be actually available to cover enforceable obligations. As such, **the attached resolution adopting the ROPS has been amended to reflect 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”.**
- 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 San Mateo County Controller’s Office and the State Controller’s Office by the deadline of October 1, 2013, and will also be transmitted to the State Department of Finance for approval.

Attachments

- 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
- Resolution – Approving the ROPS 13-14B
- Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2014

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY CITY OF FOSTER CITY 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

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, the Foster City Community Development Agency ("Former Redevelopment Agency") was a redevelopment agency organization and existing under the California Community Redevelopment Law (Health & Safety Code § 33000 *et. seq.*) and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the Agency's Board; and,

WHEREAS, the State of California's enactment of "AB 26, Blumenfield, Community Redevelopment" and "AB 1484, Committee on Budget, Community Redevelopment" (collectively referred to as "Redevelopment Agency Dissolution Acts") that dissolved the Former Redevelopment Agency effective February 1, 2012; and,

WHEREAS, the Former Redevelopment Agency entered into a Disposition and Development Agreement ("DDA") with Miramar Apartments, a California Limited Partnership on August 8, 2000 to own and operate affordable housing units within the Hillsdale/Gull Redevelopment Project Area; and,

WHEREAS, the DDA was subsequently reassigned to Prometheus Development ("Prometheus") as the owner / operator of the affordable housing units per the terms of that DDA; and,

WHEREAS, the DDA requires the payment of an Affordable Housing Subsidy based upon a formula that considers the net available property tax increment (now defined as Redevelopment Property Tax Trust Funds) less any other property tax administrative fees and passthrough payments to other taxing entities in determining the Subsidy amount owed during a fiscal year period; and,

WHEREAS, based upon preliminary estimates of assessed valuation provided by the County Assessor's office and the first installment of RPTTF during the July to December 2012 period, it was estimated that the Affordable Housing Subsidy payable to Prometheus that was included in the ROPS II (12-13B) period would be \$191,000, which was revised in the ROPS III (13-14A) period by an additional \$12,800 totaling \$203,800; and,

WHEREAS, upon calculation of the actual final receipts of RPTTF, net of actual property tax administrative fees withheld by the County Controller and actual AB1290 passthrough payments to other taxing entities, the Affordable Housing Subsidy due to Prometheus for FY 2012-2013 totaled \$232,493; and,

WHEREAS, based upon the actions taken by the Oversight Board at its January 13, 2013 meeting staff determined that it was the Oversight Board's desire to ensure that the developer was "made whole" to fully fund the obligations under the DDA; and,

WHEREAS, the amount of \$232,493 was paid to Prometheus on June 30, 2013, which was \$28,693 greater than the amounts previously estimated and included in the prior ROPS' schedules; and,

WHEREAS, the Oversight Board desires to consider the amount paid in excess of the amount estimated in prior ROPS' of \$28,693 as funds borrowed under the terms of the Loan Agreement between the City of Foster City and the Successor Agency 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 amount of \$28,693 paid by the Successor Agency to Prometheus in excess of amounts previously estimated in order to fully fund the obligation owed to the developer is hereby considered as funds advanced under the provisions of the September 10, 2012 Loan Agreement between the City of Foster City and the Successor Agency
2. That the amount of \$28,693 shall be included on ROPS 13-14B for the period January 1 to June 30, 2014 as Loan Repayment to the City of Foster City payable from available RPTTF.

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 11th day of September, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

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 JANUARY 1 TO JUNE 30, 2014 (ROPS 13-14B)

SUCCESSOR AGENCY CITY OF FOSTER CITY

WHEREAS, the Successor Agency has prepared a draft Recognized Obligation Payment Schedule for the period January 1 to June 30, 2014, referred to as "ROPS 13-14B" 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 September 11, 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 January 1 to June 30, 2014; and,

WHEREAS, the Oversight Board desires to ensure that the developers and other obligations in this ROPS are fully funded and liquidated for the period January 1 to June 30, 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 January 1 to June 30, 2014 (ROPS 13-14B), 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 October 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 11th day of September, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DICK W. BENNETT, CHAIRPERSON

ATTEST:

STEVE TOLER, SECRETARY

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

Filed for the January 1, 2014 through June 30, 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	
A Sources (B+C+D):	\$ -
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 693,646
F Non-Administrative Costs (ROPS Detail)	618,146
G Administrative Costs (ROPS Detail)	75,500
H Current Period Enforceable Obligations (A+E):	\$ 693,646

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	693,646
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	(239)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 693,407

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	693,646
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	693,646

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.

Name	Title
/s/	
Signature	Date

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances
(Report Amounts in Whole Dollars)

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

A	B	C	D	E	F	G	H	I	J	K	
Fund Balance Information by ROPS Period		Fund Sources							Total	Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF				
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin			
ROPS III Actuals (01/01/13 - 6/30/13)											
1	Beginning Available Fund Balance (Actual 01/01/13) Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)			1,775,381			-	-	\$ 1,775,381		
2	Revenue/Income (Actual 06/30/13) Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller			2,354		191,990	364,613	86,500	\$ 645,457		
3	Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13) Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs			242,000		219,032	364,374	86,500	\$ 911,906		
4	Retention of Available Fund Balance (Actual 06/30/13) Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III			-			-	-	\$ -		
5	ROPS III RPTTF Prior Period Adjustment Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.	No entry required						239	-	\$ 239	
6	Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ 1,535,735	\$ -	\$ (27,042)	\$ -	\$ -	\$ 1,508,693		
ROPS 13-14A Estimate (07/01/13 - 12/31/13)											
7	Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)	\$ -	\$ -	\$ 1,535,735	\$ -	\$ (27,042)	\$ 239	\$ -	\$ 1,508,932		
8	Revenue/Income (Estimate 12/31/13) Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller			3,000			182,440	60,500	\$ 245,940		
9	Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)			1,484,000			182,440	60,500	\$ 1,726,940		
10	Retention of Available Fund Balance (Estimate 12/31/13) Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A			-					\$ -		
11	Ending Estimated Available Fund Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ 54,735	\$ -	\$ (27,042)	\$ 239	\$ -	\$ 27,932		

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

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

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

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB		
Item #	Project Name / Debt Obligation	Non-RPTTF Expenditures										RPTTF Expenditures										Net SA Non-Admin and Admin PPA	Non-Admin CAC			Admin CAC			Net CAC Non-Admin and Admin PPA
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin		Admin		Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))	Net Lesser of Authorized / Available	Actual	Difference (If V is less than W, the difference is zero)	Net Lesser of Authorized / Available	Actual	Difference (If Y is less than Z, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA))								
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual										Authorized	Actual	Authorized	Actual	Authorized	Actual	
		\$ -	\$ -	\$ -	\$ -	\$ 242,000	\$ 242,000	\$ 191,483	\$ 219,032	\$ 399,000	\$ 364,613	\$ 364,613	\$ 364,374	\$ 239	\$ 86,500	\$ 86,500	\$ 86,500	\$ 86,500	\$ -	\$ 239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1	Stipulated Judgment					242,000	242,000																						
2	DDA							60,000	59,794	50,000	50,000	50,000	50,000	\$ -															
3	DDA																												
4	DDA									173,000	173,000	173,000	173,000	\$ -															
5	Administrative Cost Allowance									45,000	45,000	44,761	\$ 239																
6	DDA							101,483	135,880	131,000	96,613	96,613	96,613	\$ -															
7	Administrative Cost Allowance														29,500	29,500	29,500	29,500	\$ -										
8	Due Diligence Review Mandated by AB1484							20,000	15,450																				
9	Administrative Cost Allowance																												
10	Loan Agreement per H&S 34173(h)																												

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments
10	Loan repayment to City of Foster City from funds advanced on behalf of Successor Agency in order to ensure that the full obligation owed to Prometheus Development (Item 6) in FY 2012-2013 was paid (i.e., to ensure that the developer was NOT harmed as a result of the enacting legislation). Approved by Oversight Board via Resolution #2013-006