Summary Minutes

Oversight Board
Thursday, April 12, 2012
1:30 p.m. – 4:00 p.m.

Redwood City, City Hall
1017 Middlefield Road
Redwood City, CA 94063
Council Chambers

Members:
David Holland, Chair
Mike Roberts, Vice Chair
Steve Abbors- Alternate present (Cecily Harris was sworn in as an Alternate)
Alicia C. Aguirre
Robert B. Bell
Barbara Christensen
Enrique Navas
Blake Lyon

City Staff as Successor Agency Attendees:
Bill Ekern, Community Development Director
Alison Freeman, Finance Manager
Brian Ponty, Finance Director/Assistant City Manager
Veronica Ramirez, Assistant City Attorney
Pamela Thompson, City Attorney
Silvia Vonderlinden, City Clerk
Kyi Khin, Senior Accountant
Sylvia Peters, Administrative Assistant

Blake Lyon, new Oversight Board Member was sworn in.

Craig Labadie, Special Counsel
Others present: Lynn Tottori, Sheryl Schaffner, Cecily Harris

I. Call to Order – The meeting was called to order at 1:35 p.m. by Chair Holland. Since Mr. Abbors was not present, Ms. Harris said she was the alternate and she would be representing the District. Member Roberts was absent.

Brian Ponty

II. Roll Call – Led by City Clerk Vonderlinden

Brian Ponty
III. **Public Comments**

NOTE: Speakers are limited to three minutes, unless modified by the Chairperson. The Board cannot take action on any matter raised under this item. The Chair asked for public comment. **No public comment.**

IV. **Approval of Minutes:** M/S Christensen/Aguirre to approve the minutes of the last meeting. **Motion carried unanimously by roll call vote with Member Lyon abstaining.**

V. **Oral Report on Oversight Board, including Composition and other Miscellaneous Items**

(Oversight Board Binder Tab No. 2)

Mr. Bell notified the Board, that in consultation with the Mayor, he will step down from the Board and Mr. Lyon will be the appointed person representing Redwood City. He is a member of the largest Union RCMEA (Redwood City Management Employees Association) paid by the Redevelopment Agency.

Mr. Labadie said that based on this, he will not be providing the report on this matter.

City Clerk Vonderlinden swore in Mr. Lyon as the appointed person, and Ms. Harris as an Alternate for the MidPeninsula Open Space District.

VI. **Consent to Professional Services Agreement with Craig Labadie**

(Oversight Board Binder Tab No. 4)

City Attorney Thompson noted that the agreement needed to be retroactive to March 26, 2012. The Oversight Board concurred.

M/S Aguirre/Navas to approve the agreement as presented and retroactive to March 26, 2012. **Motion carried unanimously.**

Chair Holland signed the agreement at the meeting.

VII. **Review and Approval of Recognized Obligation Payment Schedules (ROPS)**

(Oversight Board Binder Tab No. 5)

Chair Holland noted that not everybody got the packet on April 5, 2012. Mr. Ponty responded that there were no bounced back emails received, so unfortunately it is not clear why some members did not get the packets, particularly once there was nothing caught on the city’s spam filter.

Mr. Navas said that he did get what was sent to him.
Mr. Ponty led the discussion on the ROPS and Ms. Thompson noted that the job of the Board is to review the document. She noted this was not the only opportunity to comment on it.

_vice chair roberts joined the meeting._

Mr. Navas inquired about the findings and if staff of the Successor Agency looked at them. Ms. Thompson explained that the ROPS was organized in a different way to address this issue.

The auditors’ findings were discussed and it was asked if their report would go to the State. Legal Counsel Labadie confirmed that a copy is being sent to the Department of Finance. Chair Holland also confirmed that statement.

Mr. Ponty noted that this is the ROPS that was approved by the City Council on Monday night, April 9, 2012. He referred to the color coding used. Green items are new or changed; and, orange is for items that are to be dropped. The orange shows that the City is not wanting to pursue these items, because they are no longer obligations and will no longer be listed on the next ROPS. In addition to the green and orange colors, items in purple are to be discussed separately; and, items in coral have been reclassified and have been shifted as a line item in the second ROPS. The uncolored items have not changed since the February 27, 2012 ROPS.

_member abbors joined the meeting._

Mr. Ponty offered to go through all of the items listed on the ROPS with the exception of items in orange, since these will be dropped. Mr. Ponty went through the ROPS line item by line item starting with line one. As Mr. Ponty went through the ROPS, different questions were posed on the specific line items. One Oversight Board Member noted that it is commendable that City staff is able to contact the Department of Finance and receive a response. Ms. Ramirez provided some information as was requested. There was a request to have information, for the next ROPS, about the legal bills and what has been billed to date (line 9 of the ROPS). Other questions were posed about different items on the ROPS.

It was requested that for future ROPS items that are not going to continue, be excluded. The Board requested that staff flag the items on the ROPS that were going to be part
of the Administrative Budget. Legal Counsel Labadie provided the code reference and explained the nexus on certain items.

Mr. Ekern, Community Development Director, provided some answers on specific projects listed. An unspent Bond was discussed and Ms. Ramirez said this would be addressed later. A list of projects was discussed.

Regarding the PERS unfunded obligation to former RDA employees, the Board agreed to have the question posed to the State Department of Finance. Mr. Ponty said that these are legacy costs with the demise of the Redevelopment Agency and the suggestion is to have them paid by the Successor Agency. He said these represent $2.5 million of costs. Mr. Bell noted that the goal is to bring back an agreement between the City and the Successor Agency for it to reimburse the City for the PERS costs that the city is incurring. One Board Member would like to see the calculations leading up to $2.5 million in PERS pension obligations. Mr. Ponty concurred that would be doable.

Regarding row 41 and 42 there was a discussion about how to address the Oversight Board charges and costs. Mr. Ponty offered to bring back a breakdown of the costs. There was a suggestion to zero out row 41 for now. The Board discussed the monthly costs of current employees associated with Redevelopment Agency. On row 47, the consensus was to wait and see what the justification is. Staff was to provide these figures, and then the Board was to make a determination on what the budget should be. Questions were asked of Mr. Ponty regarding the Successor Agency budget and the Administrative Budget of the Oversight Board. Mr. Labadie provided details on the matter. Mr. Bell provided details on the Administrative Budget.

Time reporting systems were discussed. The Vice Chair posed questions about the time being charged or the figures being noted on the ROPS. Staff said it would be coming back with justification of expenditures. Regarding item 41, it was suggested it be zeroed now, and 47 wait until the justification is in. The Chair posed questions about the budget to support the Oversight Board. One Board Member wanted to compare the costs of the agency when it was an active Agency. Staff said it would provide these figures.

Mr. Ponty covered details of the agreement with Legal Aid
and the issues associated with it. He shared specific amounts that have been deposited and the figures relating to the ROPS. Ms. Ramirez explained that this will not show on the next ROPS. One Member suggested this be footnoted so that the history is captured. Questions were posed about the Housing Fund. Since the County Auditor did validate the payment, as "pass through", the consensus was to shift this item to page four. The assumption discussed was that since the County accepted this obligation it will make the payments. One Board Member requested information about the total budget for Affordable Housing. The Legal Aid Society agreement and details were discussed. One Board Member noted that maybe this payment could be phased out. Mr. Ponty offered to call them and inquire if that was possible. City Attorney Thompson said she would review the agreement. Mr. Navas changed his request to not footnote the item on the Legal Aid Society; but, instead wait for the information and possibly shift it to the second ROPS. On the $862,000 amount paid it was suggested this be paid out in the next year and not the current one.

Various Oversight Board Members made comments about the situation they are in and the fact that this is an unfortunate situation to be in. Nonetheless, the role of this Board is to unwind the RDA. The State obligations to community colleges were discussed and a full break down was shared by Member Christensen. Mr. Navas explained that the charge of this board is to wind down the affairs of the RDA.

Mr. Ponty continued with his explanation of each of the items on the second page of the ROPS. Some questions were asked of staff regarding Bradford Street. The Heller Street affordable housing was also mentioned. The items that were going to come off in the next ROPS were covered. A copier machine was discussed and how expenses are allocated. Mr. Lyon provided details. Staff was asked if the assets and the obligations are tied together on the Affordable Housing end and Ms. Ramirez confirmed. One Member would like to see the pre-existing agreements related to this. This item to remain in the ROPS.

One Board Member wanted to have staff inquire with the State Department of Finance about the obligations related to employees that were not 100% allocated to the Agency. Staff confirmed that it will pose the question. Ms. Freeman
provided clarifying information on the issue of General Administrative Services and Low and Moderate General Administrative Services.

The final page of the ROPS was discussed and staff covered the Pass Through payments. Going back to the two items on page three of the ROPS, it was clarified that the Oversight Board will have the ability to consider these and determine if that is something to continue or not.

Mr. Labadie asked if staff is proposing these agreements be re-entered and Ms. Ramirez confirmed. He clarified that the Board would have to approve such agreements if they were to be continued. Questions were asked about these funds. Mr. Ponty said that he will footnote this and will take them off the front page. One Board Member concurred with taking these agreements off the ROPS. Items on page 3, line one and two, are to come off the ROPS for further consideration by the Board. One suggestion was to lump together the administrative items listed on the ROPS. These items were tabled for further discussion.

The Chair suggested to move to the next item on the agenda, Administrative Budget, and then come back to this. Mr. Ponty offered to capture the Boards’ direction after reviewing the Administrative Budget.

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**VIII. Review and Approval of Administrative Budgets**

*Oversight Board Binder Tab No. 5*

Mr. Ponty referred to the staff report and noted the figure of $1,088,740.00. One Member asked questions of Legal Counsel Labadie on the issue of the amount proposed. Mr. Labadie said that these are plausible and justifiable expenses, but it will be up to the State Department of Finance to determine if that is accepted or not. Questions were asked about the staffing levels. Mr. Bell noted that vacancies were not filled and a restructure will be proposed as part of the budget process. In terms of staff time, Mr. Bell noted that the involvement has changed to the current group present. Mr. Navas wanted the City to work on a plan to fund these positions with the certainty that it comes down to 3% or $250,000 through the restructuring. Mr. Bell noted that was the goal. He believes that by the Board approving this amount it will allow Redwood City to wind down the personnel costs.

Redevelopment Agency staffing levels were discussed. Mr. Ponty said there are about 15 positions under the RDA. A few Oversight Board Members agreed with this approach of
allocating this budget since the City is geared up to reduce these FTEs (full time equivalents).
One Member noted he did not get the materials until 10:00 p.m. the night before. He said he cannot approve this due to receiving the packet so late. Mayor Aguirre noted this was discussed at the beginning of the meeting. Mr. Bell explained that nothing was bounced back. So it is unclear as to what happened with the items that were sent to Mr. Abbotts but not received by him. Mr. Ponty asked if Mr. Abbotts’ system intercepted any quarantined items. The Chair said that a decision is needed. Oversight Board Member Christensen agreed with having the Successor Agency Budget be $1,008,740.00. Ms. Ramirez suggested the two budgets be shown separately. Ms. Christensen would like to see them separate so the Department of Finance is clear. One suggestion was to strike line three and line one to include that amount and add a footnote. There was also a suggestion to keep line one and re-title it to Successor Agency Budget (this includes the $250,000 minimum) for a total of $1,000,874.00 for five-months.

The Oversight Board ensued in discussion about the Low and Moderate Administrative Services funds. It was agreed for this to stay on as an obligation, but it will be justified in future ROPS. This was revisited and the Board vacillated on what to do with Low and Moderate Administrative Services (row two).

M/S Roberts/ Christensen to approve to leave line one as it is (page 3 of ROPS), acknowledging that it includes the $250,000 and drop the payments. Motion carried with Mr. Abbotts opposing.

Mayor Aguirre noted that with additional people commenting and interjecting, the meeting has been prolonged. The Chair commented that he will try to keep things more organized. The Chair requested for a formal vote on the ROPS. Mr. Ponty covered all the changes to the ROPS prior to the vote. The Board took a break for 5-minutes.
Mr. Ponty noted the changes agreed to by the Oversight Board to the final version of the 1st ROPS:
- Update on page 1 row 9 – June Payment goes to 4K
- Row 41 is zeroed out and justification to come back
- Rows 43 and 44 leave the obligation and ask the Department of Finance for input on pension obligations
• Line 18 to go away
• Row 42 is to be zeroed out
• Row 47 leave the obligation but zero out Feb. through June amounts
• Page 2 – row 1 - the total obligation will be $1.6 million and moves to page 4 and Mr. Ponty will call the League Aid Society
• Page 2 – row 17 zeroed out
• Page 2- rows 23 and 24 treated as the same items on page 1
• Page 4 (pass through payments) of the ROPS is the County’s responsibility

M/S Christensen/Holland to approve the revised ROPS as summarized by Mr. Ponty. **Motion passed by unanimous roll call vote.**

**IX. Information Only Report on Real Property Asset Transfers**
*(Oversight Board Binder Tab No. 6)*

**Brian Ponty**

**X. Agenda for May 1, 2012 Meeting**
*(Oversight Board Binder Tab No. 3)*

Mr. Ponty outlined items for the next agenda:
- ROPS II
- Update on opinions provided by the State Department of Finance.

Topics for Future Agendas:
- Reserve balances and assets should be also discussed and look at all assets such as rents, loans and balances.
- Refinancing Bonds
- Item IX will be addressed at a future meeting

Chair Holland inquired when the Board might get the next ROPS and Mr. Ponty noted that one week in advance of the meeting it will go out (April 24, 2012)

There was a suggestion to rearrange the room set-up so that it is easier to review the materials.

Vice Chair Roberts inquired about the next fiscal year. Mr. Ponty said staff is already looking at it through the second ROPS.

**XI. Adjourn** – the meeting adjourned at 4:20 p.m.

**Respectfully submitted,**

**Silvia Vanderlinden, City Clerk**

**Brian Ponty**
Approved at the Oversight Board meeting of May 1, 2012.