



THIS AGENDA IS POSTED IN ACCORDANCE WITH
GOVERNMENT CODE SECTION 54950 ET. SEQ.
DATE POSTED: January 23, 2017 TIME POSTED: 11:45 A.M.
**EAST PALO ALTO SUCCESSOR AGENCY
OVERSIGHT BOARD MEETING**

Thursday, January 26, 2017 – 2:00 to 3:00 P.M.
FIRST FLOOR -- CITY HALL COUNCIL CHAMBERS
2415 UNIVERSITY AVENUE, EAST PALO ALTO, CA 94303

Board Members

1. Reyna Farrales (A), Deputy County Manager – Board Vice Chair
 2. Donna Rutherford (E), Council Member
 3. Kathleen Jackson (A), MPFD Fire Chief
 4. Steven J. Eichman (A), Chief Business Official
 5. Bernata Slater (A), Chief Financial Officer
 6. Nicholas Jellins (A), Board Chair
 7. Carlos Martinez(A), City Manager
- (E) = Elected Official (A) = Appointed Official*

Selected by:

- San Mateo County Board of Supervisors
- Mayor of East Palo Alto Appointee
Menlo Park Fire District (MPFD)
Ravenswood City School District
San Mateo Community College
San Mateo County Board of Supervisors
Mayor of East Palo Alto Appointee

Advisory:

Michael Roush, Legal Counsel
Joseph Prado, OB Secretary

1. **CALL TO ORDER AND ROLL CALL**
2. **APPROVAL OF THE AGENDA**
3. **PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS**
4. **APPROVAL OF CONSENT CALENDAR**
 - A. Approval of January 28, 2016 Meeting Minutes
5. **POLICY AND ACTION REPORTS**
 - A. Approval of the Eleventh East Palo Alto Recognized Obligation Payment Schedule for the Period July 1, 2017 to June 30, 2018. (ROPS 17-18)
6. **INFORMATIONAL REPORTS**
 - A. Important Formal Correspondence from the State Department of Finance to the Successor Agency
7. **BOARD MEMBER COMMENTS**
8. **ADJOURNMENT**

Comment from members of the public on items not on the meeting agenda. The Chair may set a time limit for speakers. Since these topics are non-agenda items, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board may refer items to staff for attention, or have a matter placed on a future agenda for a more comprehensive action or report.



CITY OF EAST PALO ALTO

SUCCESSOR AGENCY

2415 University Avenue • East Palo Alto, CA 94303

OVERSIGHT BOARD MEETING DATE: January 26, 2017

DATE: January 26, 2017
TO: Hon. Members of the East Palo Alto Successor Agency Oversight Board (OB)
FROM: Joseph Prado, Secretary
SUBJECT: Approval of January 28, 2016 Meeting Minutes

1. Meeting Call to Order: Nicholas Jellins, Chair, **Date:** 1/28/16 **Time:** 2:07 p.m.

- Roll Call – (J.Prado, OB Secretary)
- **Quorum:** **Total: 5 members present at Roll Call.**

Board Members	Appointed by	Attendance
1. Reyna Farrales (A), Deputy County Manager – Board Vice Chair	SM Co. B of S	<input checked="" type="checkbox"/>
2. Donna Rutherford (E), Mayor	Mayor Appointee	<input checked="" type="checkbox"/>
3. Kathleen Jackson, MPFD (A)	Menlo Park Fire District	<input checked="" type="checkbox"/>
4. Kevin Sved for Prima Singh, CBO (A)	Ravenswood S.D.	<input checked="" type="checkbox"/>
5. Ray Chow (A), CFO (A)	Community College	<input checked="" type="checkbox"/>
6. Nicholas Jellins (A), Board Chair	SM Co. B of S	<input checked="" type="checkbox"/>
7. Carlos Martinez (A), City Manager	Mayor Appointee	<input checked="" type="checkbox"/>

(E) = Elected Official (A) = Appointed Official

Advisory

Gary Baum, OB Legal Counsel; Brenda Olwin – Successor Agency Treasurer; Mark Hynes – Interim City Attorney; Joseph Prado – OB Secretary – In attendance

- 2. Approval of the Agenda (Chair Jellins)**
- Motion for approval: D. Rutherford Second: K. Jackson. Votes: 5 (All present) Yes.
- ACTION:** January 28, 2016 Agenda approved.
- 3. Public Comment Regarding Consent Calendar Items**
- There was no public comment.
- 4. Consent Calendar**
- A. Approval of September 17, 2015 Meeting Minutes
- Motion for approval: K. Jackson. Second: C. Martinez Votes: 4 Yes. 1 Abstained.
- D. Rutherford abstained as she was not at the last meeting.
- ACTION:** September 17, 2015 Meeting Minutes approved
- 5. Public Comment on Policy and Action Reports**
- There was no public comment.
- A. Appointment of Oversight Board Legal Council and Approval of Agreement for Legal Services
- Motion for approval: C. Martinez. Second: D. Rutherford. Votes: 5 (All present) Yes.
- ACTION:** Oversight Board Legal Council approved, and Agreement for Legal Services approved.
- B. Approval of Former Redevelopment Agency and Sponsoring Entity Loan Agreements as Enforceable Obligations and Finding the Loans were for Legitimate Redevelopment Purposes

- Motion for approval: D. Rutherford. Second: C. Martinez. Votes: 5 (All present) Yes.
ACTION: Former Redevelopment Agency and Sponsoring Entity Loan Agreements as Enforceable Obligations approved, Finding the Loans were for Legitimate Redevelopment Purposes.
 - C. Approval of the Tenth East Palo Alto Recognized Obligation Payment Schedule for the Period July 1, 2016 to June 30, 2017. (ROPS 16-17)
 - Motion for approval: N. Jellins. Second: K. Jackson. Votes: 5 (All present) Yes.
ACTION: Tenth East Palo Alto Recognized Obligation Payment Schedule for the Period July 1, 2016 to June 2017. (ROPS 16-17) approved.
6. Informational Reports
- A. Important Formal Correspondence from the State Department of Finance to the Successor Agency
- Presentation by Brenda Olwin, Successor Agency Treasurer
7. Board Member Comments
- N. Jellins: Thanks to staff.
 - Next tentative Board meeting date was set for January 19, 2017 at 2:00pm.
8. **Adjournment:** Meeting was adjourned at 3:14 p.m.



**CITY OF EAST PALO ALTO
SUCCESSOR AGENCY**

2415 University Avenue • East Palo Alto, CA 94303

OVERSIGHT BOARD MEETING DATE: January 26, 2017

DATE: January 26, 2017
TO: Hon. Members of the East Palo Alto Successor Agency Oversight Board
FROM: Brenda Cooley-Olwin, Treasurer
SUBJECT: Approval of the Eleventh East Palo Alto Recognized Obligation Payment Schedule for the Period July 1, 2017 to June 30, 2018 (ROPS 17-18)

RECOMMENDATION:

Staff recommends that the Oversight Board adopt Resolution OB 2017-01 approving ROPS 17-18 for the period July 1, 2017 to June 30, 2018.

BACKGROUND:

The following Recognized Obligation Payment Schedules (“ROPS”) have been approved by the Oversight Board (OB) and the State Department of Finance:

- A) ROPS I: January 1, 2012 - June 30, 2012
- B) ROPS II: July 1, 2012 - December 31, 2012
- C) ROPS III: January 1, 2013 - June 30, 2013
- D) ROPS 13-14A: July 1, 2013 - December 31, 2013
- E) ROPS 13-14B: January 1, 2014 - June 30, 2014
- F) ROPS 14-15A: July 1, 2014 – December 31, 2014
- G) ROPS 14-15B: January 1, 2015 – June 31, 2015
- H) ROPS 15-16A: July 1, 2015 – December 31, 2015
- I) ROPS 15-16B: January 1, 2016 – June 30, 2016
- J) ROPS 16-17: July 1, 2016 – June 30, 2017

ANALYSIS:

On September 22, 2015, the California Legislature passed budget trailer bill SB 107. The primary purpose of SB 107 was to make technical and substantive amendments to the existing Dissolution Law. As such, the Successor Agency of the former Redevelopment Agency of the City of East Palo Alto (Successor Agency) must file an annual ROPS whereby the minimum payments and due dates for enforceable obligations payable during the entire fiscal year are set forth, as follows:

ROPS 17-18: July 1, 2017 to June 30, 2018: ROPS 17-18 includes a total fiscal year request for funds in the amount of \$2,661,650. The total request and other notable changes reflect the following major obligation payment trends:

- Annual refunding bond debt service payments in the amount of \$1,536,150 which represents approximately \$290,000 in annual cost savings compared to the former debt service payments refunded on September 1, 2015.
- Sponsoring Entity loan principal payments totaling \$1,000,000, comprised of the Gateway (\$600,000) and Ravenswood (\$400,000) repayments. As reflected on Attachment 2, the total Sponsoring Entity loan repayment allowable equals approximately \$1.38 million. The Agency is not requesting the full repayment allowable because the maximum Sponsoring Loan payment amount is determined through a formula which takes into account the amount of excess property tax available to distribute to taxing entities, and the amount available to distribute was unusually high during the ROPS 16-17. The unusually high amount of property tax available to distribute was the result of utilizing approximately \$800,000 in internal Agency funds to pay ROPS 16-17 obligations. If the Agency has not had internal funds available to pay Agency ROPS obligations, the maximum loan repayment allowable would have been approximately \$1,000,000. Therefore, staff is only requesting the amount that would have been allowed had the Agency not inadvertently accumulated excess, internal funds of approximately \$800,000.
- Significant reduction in administrative expenses from \$137,500 to \$50,000 to reflect the reduced reporting workload but funding for administrative purposes remains necessary in order to cycle through the verification of Sponsoring Entity Loan balances and processing the Last and Final ROPS.

The ROPS 17-18 template and Oversight Board Resolution are due to the State Department of Finance no later than February 1, 2017.

ATTACHMENTS:

1. Resolution OB 2017-01
Exhibit A: ROPS 17-18
Exhibit B: Administrative Allowance Budget
2. DOF Sponsoring Entity Loan Calculator

RESOLUTION NO. OB 2017-01

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF EAST PALO ALTO
APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 17-18)
FOR THE PERIOD FROM JULY 1, 2017 TO JUNE 30, 2018**

WHEREAS, on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos*, finding ABx1 26 (the "Dissolution Act") largely constitutional; and

WHEREAS, under the Dissolution Act and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, all California redevelopment agencies, including the Redevelopment Agency of the City of East Palo Alto (the "Dissolved RDA"), were dissolved on February 1, 2012; and

WHEREAS, on January 10, 2012, the City Council (the "City Council") of the City of East Palo Alto (the "City") adopted resolution 4226 accepting for the City the role of Successor Agency to the Dissolved RDA (the "Successor Agency"); and

WHEREAS, under the Dissolution Law, including SB 107, the City, in its capacity as Successor Agency, must prepare a "Recognized Obligation Payment Schedule" ("ROPS") that enumerates the enforceable obligations and expenses of the Successor Agency every annual fiscal period, starting with the period beginning July 1, 2017; and

WHEREAS, on January 26, 2017, the Successor Agency staff prepared, and the Oversight Board considered and approved, the eleventh ROPS (ROPS 17-18) for the twelve-month period ending June 30, 2018, attached here as Exhibit A, including a \$50,000 Administrative Cost allowance, attached here as Exhibit B, and

WHEREAS, under the Dissolution Act, ROPS 17-18 must be approved by February 1, 2017 by the Successor Agency's Oversight Board (the "Oversight Board") to enable the Successor Agency to continue to make payments on enforceable obligations; and

WHEREAS, pursuant to the Dissolution Act, the duly constituted Oversight Board for the Successor Agency met at a duly noticed public meeting on January 26, 2017 to obtain an overview of the ROPS 17-18 and to consider specific obligations listed on, and approval of, ROPS 17-18; and

WHEREAS, the Oversight Board has considered the aforementioned items and finds that such obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Act;

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency for the Dissolved RDA hereby finds, resolves, and determines as follows:

SECTION 1. The foregoing recitals are true and correct and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

SECTION 2. Under the Health and Safety Code, the Oversight Board may reconsider disallowed enforceable obligations by the Department of Finance.

SECTION 3. The Oversight Board has reviewed the City loans included in Items 1 and 3 of the ROPS 17-18, approves the loans as enforceable obligations and makes a finding that they were for legitimate redevelopment purposes.

SECTION 4. The Oversight Board has reviewed all the aforementioned obligations, and hereby approves all items included in ROPS 17-18 (Exhibit A) as enforceable obligations.

ADOPTED on January 26, 2017 by the Members of the Oversight Board of the Successor Agency for the Former Redevelopment Agency of the City of East Palo Alto with the following vote, to wit:

	Jellins	Farrales	Rutherford	Jackson	Eichman	Slater	Martinez
AYES:							
NOES:							
ABSENT:							
ABSTAIN:							

Chair, Nicholas Jellins

Secretary, Joseph Prado

Approved as to form, OB Counsel

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency: East Palo Alto
County: San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 983,575	\$ 1,678,075	\$ 2,661,650
F RPTTF	958,575	1,653,075	2,611,650
G Administrative RPTTF	25,000	25,000	50,000
H Current Period Enforceable Obligations (A+E):	\$ 983,575	\$ 1,678,075	\$ 2,661,650

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) 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 successor agency.

Nicholas Jellins Board Chair
Name Title
/s/ _____
Signature Date

Administrative Allowance Budget

Administrative Budget: 7/1/2017 to 6/30/2018

Estimated Direct Hours

RPTTF Projections Consultant	\$	7,500
Finance Director	\$	17,500
Finance Analyst	\$	7,500
SA Secretary	\$	2,500
	\$	35,000

Legal Fees - Legislation/Land Transfer **\$** **2,500**

Administrative Cost Allocation O/H	\$	12,500
Total Request	\$	50,000

Staff effort includes: ; bond payment processing; bond covenant reporting; general ledger maintenance of 5 internal trust funds; reconciliation and processing of RPTTF payments; annual budget preparation; general accounting reconciliation; management of annual financial transactions audit. Tracking and implementing new Dissolution Act legislation. Forecasting and informational requests from the County. Last and Final ROPS.

ROPS Review Period:	ROPS 17-18		
Sponsoring Entity Loan Repayment Calculator			
Base Year:	ROPS II July thru December 2012	ROPS III January thru June 2013	Total For Base Year
Residual Balance	713,587	2,948,396	3,661,983

Comparison Year:	ROPS 16-17 A July thru December 2016	ROPS 16-17 B January thru June 2017	Total For Comparison Year
Residual Balance	2,603,108	3,828,562	6,431,670

A	Total Residual Balance for Comparison Year	6,431,670
B	Total Residual Balance for Base Year	3,661,983
A-B	Difference of Residual Balance	2,769,687
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	Maximum Repayment for Fiscal Year 2017-18	1,384,844



CITY OF EAST PALO ALTO

SUCCESSOR AGENCY

2415 University Avenue • East Palo Alto, CA 94303

OVERSIGHT BOARD MEETING DATE: January 26, 2017

DATE: January 26, 2017

TO: Hon. Members of the East Palo Alto Successor Agency Oversight Board

FROM: Brenda Cooley-Olwin, Treasurer

SUBJECT: Important Formal Correspondence from the State Department of Finance to the Successor Agency

BACKGROUND:

This item has been placed on the Oversight Board (the "OB") agenda to inform all Board members of important correspondence from the State Department of Finance (DOF) and/or other agencies.

On April 10, 2016 the Successor Agency received a letter from the State DOF confirming approval of the Oversight Board actions taken on January 28, 2016 regarding the Agency's Sponsoring Entity Loans. Such approval results in the placement of both Sponsoring Entity loans (Ravenswood and Gateway) on the Recognized Obligation Payment Schedule (ROPS). The Department of Finance will verify the validity and accuracy of the loan balances during the 17-18 ROPS approval cycle.

ATTACHMENT:

1. April 10, 2016 DOF Letter: Approval of Oversight Board Actions



April 10, 2016

Ms. Brenda Cooley-Olwin, Interim Finance Director
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

Dear Mr. Suen:

Subject: Approval of Oversight Board Actions

The City of East Palo Alto Successor Agency (Agency) notified the California Department of Finance (Finance) of its January 28, 2016 Oversight Board (OB) Resolutions on March 1, 2016. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB actions.

Based on our review and application of the law, Finance made the following determinations:

OB Resolution No. OB 2016-02

OB Resolution No. OB 2016-02, approving the repayment of a \$5,371,520 loan made by the City of East Palo Alto (City) to the former Redevelopment Agency (RDA), is approved.

OB Resolution No. OB 2016-03

OB Resolution No. OB 2016-03, approving the repayment of a \$6,413,730 loan made by the City to the former RDA, is approved.

The Agency received a Finding of Completion on July 16, 2013. As a result of the OB finding the loans were for valid redevelopment purposes, the Agency may now place the loans on the Recognized Obligation Payment Schedule (ROPS). However, the repayment of the City loans is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A). HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year.

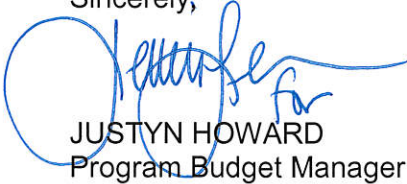
In addition, HSC section 34191.4 (b) (2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The accumulated interest on the loans should be recalculated from the date of loan origination using the quarterly LAIF interest rate at the time when the Agency's OB makes a finding that the City loans were for legitimate redevelopment purposes. This will supersede any existing interest rates in the loan agreements. Therefore, the repayment amounts of the agreements are subject to Finance's review and approval on subsequent ROPS.

Mr. Edmund Suen
April 10, 2016
Page 2

This is our determination with respect to the OB actions taken.

Please direct inquiries to Wendy Griffe, Supervisor, or Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Carlos Martinez, Economic Development Manager, City of East Palo Alto
Mr. Bob Adler, Auditor-Controller, San Mateo County