



OVERSIGHT BOARD MEETING AGENDA

Monday, August 27, 2012
4:00 P.M.

Location

Douglas Fir Room
2120 Milvia Street, 1st Floor
Berkeley, CA

All agenda items are for Discussion and Possible Action.

Public Comment Policy: *Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.*

1. Roll Call
2. Public Comment
3. Agenda Approval
4. Approval of Minutes of July 23, 2012 [Attachment A]
5. Review and Approve Revised Recognized Obligation Payment Schedule:
January 1, 2013 – June 30, 2013 [Attachment B]
6. Announcements

7. Adjourn

ATTACHMENTS:

- A. Draft Minutes of July 23, 2012 Oversight Board Meeting
- B. Staff Report – Revised Recognized Obligation Payment Schedule, January 1, 2013 through June 30, 2013 (Attached Resolution Approving Revised ROPS, January 2013-June 2013)



Time: 4:03 p.m.

Douglas Fir Room
Permit Service Center
2120 Milvia Street – Berkeley, CA
Secretary – Lourdes Chang, (510) 981-5419

OVERSIGHT BOARD MEETING

DRAFT MINUTES

All agenda items are for Discussion and Possible Action.

1. Roll Call

Present: Arreguin, Decredico, Harper, Hoover and Riddle. Absent: Carson, Gerhard. Staff Present: Chang, Cosin and Hardaway. Public: None.

2. Approval of Agenda

Chair Arreguin recommended adding a section for Public Comment on the agenda for future meetings. Staff noted an item for Public Comment will be added to the agenda after Roll Call and prior to Approval of Agenda. The agenda was approved unanimously. (M/S/C: Riddle/Hoover. Unanimous)

3. Approval of Minutes of July 23, 2012

The minutes of the July 23, 2012 meeting were approved unanimously. (M/S/C: Harper/Decredico. Unanimous)

4. Recent Legislative Changes per Assembly Bill 1484, including Overview of Plans for Disposition of Assets

Wendy Cosin reviewed two major changes in the bill related to the disposition of assets and the definition of housing assets. The new legislation requires successor agencies to prepare a long-range property disposition management plan that addresses the disposition and use of real properties of the former redevelopment agency. The plan must be approved by the Oversight Board and Department of Finance. Upon approval of the plan, the properties must be transferred to a Community Redevelopment Property Trust Fund of the successor agency. The new bill also requires housing successor agencies to submit a list of all housing assets to the Department of Finance by August 1, 2012, with an explanation of how the assets meet the criteria set forth in the law. The new bill changed the definition of housing asset to include "any real property, interest in, or restriction on the use of real property...and

any personal property

provided in residences that were acquired for low- and moderate-income housing purposes." Staff is working on finalizing the list of Housing Assets which will be submitted to the Department of Finance on August 1st. A few Board members were interested in learning more about the new requirements and changes to the legislation. Staff noted a copy of the Goldfarb & Lipman summary of the trailer bill will be sent to the Board members.

5. Approval to Sell Successor Agency-Owned Property

Wendy Cosin provided background on the sale of the vacant single-family dwelling located at 1654 Fifth Street. The City Council had approved the sale of the property. To comply with a 1987 agreement between the City and the former redevelopment agency and as required by the U.S. Department of Housing and Urban Development (HUD), the proceeds of the sale must be treated as program income to the Community Development Block Grant Program. Since the property is now an asset of the Successor Agency, the Oversight Board must also approve the sale of the property.

A motion to approve the plan to sell the real property located at 1654 Fifth Street was approved unanimously. (M/S/C: Hoover/Riddle. Unanimous)

6. Review and Approve Revised Third Recognized Obligation Payment Schedule for the Period of January 1, 2013 through June 30, 2013

A motion to approve the third Recognized Obligation Payment Schedule (ROPS) for the Period of January 1, 2013 through June 30, 2013 was approved unanimously. (M/S/C: Harper/Hoover. Unanimous)

7. Authorize Successor Agency to Retain the Services of the County Auditor Controller's (CAC) Office or a CAC-approved Auditor, to Conduct Required Review of the Unobligated Balances in the Low-Moderate Income Housing (LMIHF)

A motion was passed unanimously to authorize the Successor Agency staff to retain services of the County Auditor-Controller, or an independent accountant approved by the county auditor-controller, to conduct a review on behalf of the Successor Agency of the unobligated fund balances of the former Redevelopment Agency (M/S/C: Harper/Riddle. Unanimous)

8. Reschedule October Meeting of the Oversight Board to meet AB 1484 Requirements

A motion was passed unanimously to schedule a meeting on or about September 24, 2012, @ 4 p.m. to hold a public hearing to receive comments on the results of the review of the unobligated fund balances. (M/S/C: Hoover/Harper. Unanimous)

A motion was passed unanimously to reschedule the October meeting of the Oversight Board to Monday, October 1, 2012, @ 4 p.m. to meet AB 1484 Requirements. (M/S/C: Harper/Riddle. Unanimous)

9. Information Items

Staff shared the 5/25/12 letter from Department of Finance approving the first and second ROPS for the periods of January 1, 2012 through June 30, 2012 and July 1, 2012 through December 31, 2012. Staff also provided a breakdown of the Successor Agency staffing and existing consultant contracts.

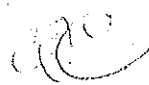
10. Adjourn

The meeting was adjourned at 5:40 p.m. (M/S/C: Hoover/Riddle. Unanimous).

Approved on _____

_____, Lourdes Chang, Secretary

STAFF REPORT

Date: August 27, 2012
To: Berkeley Redevelopment Successor Agency Oversight Board
From: Wendy Cosin, Deputy Planning Director 
Subject: Revised Recognized Obligation Payment Schedule: January 1, 2013 – June 30, 2013

RECOMMENDATION

Adopt a Resolution approving a revised Recognized Obligation Payment Schedule (ROPS) for the six month fiscal period commencing on January 1, 2013 and ending June 30, 2013.

CURRENT SITUATION AND ITS EFFECTS

In late June 2012, changes to Health and Safety Code were approved by the legislature and signed by the Governor. Accordingly, successor agencies have a September 4, 2012 deadline to submit by a Recognized Obligation Payment Schedule for the six-month fiscal period commencing on January 1, 2013 and ending on June 30, 2013 (ROPS III). Oversight Board approval of the revised ROPS is required prior to submittal.

Berkeley's Oversight Board approved the third ROPS on July 23, 2012. However, the Department of Finance subsequently prepared instructions that changed the information and forms that are required. In addition, staff has received guidance about errors that were made in the ROPS III that was prepared in July. This also provides the opportunity to revise the ROPS to reflect necessary expenditures for a licensed accountant to prepare the newly required "Due Diligence Review" and for additional general assistance from Seifel Consulting and Goldfarb & Lipman, as discussed further below.

The Oversight Board Chair must sign a certification that the ROPS is the "true and accurate" document; therefore, a resolution has been prepared for the Board to approve a revised ROPS.

BACKGROUND

The ROPS is intended to designate all enforceable obligations of the former redevelopment agency. More specifically, the ROPS must identify the total amount of each obligation, the fiscal year amount due, and the amount to be spent during the six-month period.

Staff received guidance that contracts and enforceable obligations that may not be entirely reimbursed at the end of the ROPS II period should be added to the ROPS III to ensure that funding will be provided to allow payment. Therefore, the ROPS III was expanded to include several contracts and other enforceable obligations that were previously listed on the ROPS II. Also, a new required form was added to show the estimated and actual amounts spend during the first ROPS period (January 1, 2012 – June 30, 2012).

The following new expenditures were added.

1. Cost of Due Diligence Review - \$15,000. One of the requirements of AB 1484 is that a review of unobligated balances available for transfer to taxing entities must be performed (34179.5 (a)). The Oversight Board took action on July 23, 2012 to authorize staff to retain services of the County Auditor-Controller (CAC) or an independent accountant approved by the CAC. The CAC will not provide the necessary services; therefore, the City requested CAC approval of Badawi & Associates, Certified Public Accountants. Badawi & Associates (formerly Caporicci & Larson) perform the annual audit of the City of Berkeley and its component units (the former Redevelopment Agency and Rent Stabilization Board).

AB 1484 (Section 34173) allows the City to contract with an audit firm to undertake the Due Diligence Review and then be repaid through the ROPS process.

Section 34173 (h): The city, county, or city and county that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.

Staff recommends Oversight Board approval to add this to the ROPS III (as attached) to reflect a maximum of \$15,000 to be loaned from the City to the Successor Agency to allow Badawi & Associates (or another firm if necessary) to

be hired to perform the required due diligence review. Funding would come from the Redevelopment Property Tax Trust Fund (RPTTF).

2. Amended Contract for Legal Services - \$10,000. The City's contract with Goldfarb & Lipman is nearly depleted. Staff recommends Oversight Board approval to add \$10,000 to amend the Goldfarb Lipman contract as a new enforceable obligation for to the ROPS III (as attached). Although the City Attorney's office provides some assistance, staff primarily utilizes Goldfarb & Lipman for their specialized expertise. They have worked with the City for years and are familiar with local background, as well as state requirements and how other jurisdictions are addressing the requirements.

Funding will come from the \$125,000 Administrative Allowance. \$10,000 is available for the Goldfarb & Lipman contract because the contract for Meyers Nave was listed in both the Administrative Allowance and ROPS. Since the Meyers Nave is a specific enforceable obligation on the ROPS II and ROPS III, \$10,000 from the Administrative Allowance can be used for Goldfarb Lipman.

It should be noted that the contract with Meyers Nave to provide legal assistance to the Oversight Board has a different purpose than legal assistance from the City Attorney or to supplement the City Attorney's office. Staff relies on the City Attorney and Goldfarb & Lipman for assistance with understanding the requirements of the law, which are complex and sometimes inconsistent. Goldfarb & Lipman work with many jurisdictions and have played a key role helping with implementation. In contrast and in recognition of the Oversight Board's fiduciary duty to all of the taxing entities, the Meyers Nave will provide independent legal expertise as needed, for example, if there is a disagreement between the City as Successor Agency and the Board.

3. Amended Contract for Economic/Redevelopment Services - \$5,000. Although there is currently approximately \$6,700 left in the Seifel contract, we anticipate needing assistance with meeting AB 1484 requirements; they can also help with analysis of whether bonds should be paid off early to save money and wind up activities sooner than anticipated.

The first and second ROPS included \$5,140 for a financial advisory services contract with Northcross, Hill & Ach, who are no longer in business. This contract has been terminated. The \$5,000 that was previously planned to be spent on the Northcross contract can be used to provide additional funding for Seifel Consulting.

Finally, at the July 23rd Oversight Board meeting, the following question was asked regarding the ROPS III, 2005 tax allocation bonds (line 1) - why is the FY 12-13 total \$948,417.50, but the June 2013 payment is \$894,208.75? In response, pursuant to the

debt service payment schedule and the ROPS II, \$54,208.75 is due on December 1, 2012; on June 1, 2013 the principal in the amount of \$840,000 plus additional interest in the amount of \$54,208.75 is due for a total of \$894,208.75 to be paid in the ROPS III period. The total payment of \$948,417.50 is due in FY 2012/13.

CONTACT PERSON

Wendy Cosin, Deputy Planning Director 981-7402

Attachments:

1. Resolution Approving Revised ROPS III January – June 2013, with ROPS III exhibit.
2. ROPS III, approved July 23, 2012.

RESOLUTION NO. ##,###-N.S.

Revised Recognized Obligation Payment Schedule January through June 2013

WHEREAS, Successor Agencies are required to prepare a Recognized Obligation Payment Schedule from January 1, 2013 through June 30, 2013 that list each enforceable obligation; and

WHEREAS, the ROPS is prepared once every six months; and

WHEREAS, the ROPS must be approved by the Oversight Board and reviewed by the State Controller and State Department of Finance; and

WHEREAS, the original ROPS was approved on February 28, 2012 (Resolution No. 65,612) listing the agency's enforceable obligations for payments required to be made from January 1, 2012 through June 30, 2012; and

WHEREAS, the second ROPS was approved on May 15, 2012 (Resolution No. 65,704) listing the agency's enforceable obligations for payments required to be made from July 1, 2012 through December 31, 2012; and

WHEREAS, a third ROPS was approved on July 23, 2012 (Resolution No. 2012-06 N.S.) listing the agency's enforceable obligations for payments required to be made from January 1, 2013 through June 30, 2013; and

WHEREAS, revisions to the ROPS are needed to ensure that it meets the state requirements and to ensure that funding is available for legal, economic and financial auditing services to the Successor Agency.

NOW THEREFORE, BE IT RESOLVED by the Berkeley Redevelopment Successor Agency Oversight Board, that it hereby approves the attached Revised Recognized Obligation Payment Schedule (ROPS III).

PASSED AND ADOPTED at a meeting of the Oversight Board of the Successor Agency to the dissolved Redevelopment Agency of the City of Berkeley held on the 27th day of August, 2012 by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

Jesse Arreguin, Oversight Board Chairperson

ATTEST:

Lourdes Chang, Oversight Board Secretary

Revised 3/27/12

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency:

City of Berkeley

	Total Outstanding Debt or Obligation
Outstanding Debt or Obligation	\$ 5,799,913
Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$ 30,309
B Enforceable Obligations Funded with RPTTF	\$ 932,689
C Administrative Allowance Funded with RPTTF	\$ 125,000
D Total RPTTF Funded (B + C = D)	\$ 1,057,689
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$ 1,087,998
E Enter Total Six-Month Anticipated RPTTF Funding - Obtained from County Auditor	\$ 1,056,454
F Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ (1,235)
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
G Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allo</i>	\$ 1,350,675
H Enter Actual Obligations Paid with RPTTF	\$ 1,228,369
I Enter Actual Administrative Expenses Paid with RPTTF	\$ 125,000
J Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	\$ (2,694)
K Adjustment to RPTTF	\$ 1,060,383

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 _____

Signature _____ Date _____

Successor Agency Contact Information

Name of Successor Agency:	<u>City of Berkeley</u>
County:	<u>Alameda</u>
Primary Contact Name:	Wendy Cosin, Deputy Planning Director
Primary Contact Title:	2118 Milvia Street, 3rd Floor
Address:	Berkeley, CA 94704
Contact Phone Number:	<u>(510) 981-7402</u>
Contact E-Mail Address:	<u>wcosin@ci.berkeley.ca.us</u>
Secondary Contact Name:	<u>Danita Hardaway</u>
Secondary Contact Title:	<u>Associate Management Analyst</u>
Secondary Contact Phone Number:	<u>(510) 981-7407</u>
Secondary Contact E-Mail Address:	<u>dhardaway@ci.berkeley.ca.us</u>

Att #2

City of Berkeley Successor Agency for the Redevelopment Agency
 West Berkeley and Sava Island Improvement Project Areas

ROPS III

→ O.I. app'd 7/23/12

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 January 1, 2013 - June 30, 2013

Project Name / Debt Obligation	Contract/Agreement Execution Date	Payee	Description	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-2013**	*** Funding Source	Payable from the Redevelopment Property Tax Trust Fund (RPTTF)						
								Payments by month						
								Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Total
1) 2005 Tax Allocation Bonds		Bank of New York	Bonds - To Fund Non-Housing Projects		2,789,113.75	948,417.50	RPTTF						894,208.75	\$ 894,208.75
2) Sava Island Loan Payable		City Retiree Medical Trust	HTF - Affordable Housing		759,600.00	57,760.00	RPTTF			18,480.00				\$ 18,480.00
3) \$1Million Bond - City Loan		City of Berkeley	Housing Activities		1,563,553.25		Reserves							\$ -
4) Delaware Street Historical Project		Successory Agenyc to CDBG	Land Assests & Loans Payable		230,137.20		Loan Payables							\$ -
5) Contract for Consulting Svcs		Meyers Nave	Outside Legal Services for O.B.		10,000.00	10,000.00	RPTTF	833.00	833.00	833.00	833.00	834.00	834.00	\$ 5,000.00
6) Administration		City of Berkeley	Admin/Operations		250,000.00	250,000.00	RPTTF	20,833.00	20,833.00	20,833.00	20,833.00	20,834.00	20,834.00	\$ 125,000.00
7) Financial Services		Bank of New York	Fiscal Agent Fee		2,200.00	2,200.00	RPTTF							\$ -
8) Labor Agreement Obligations: Compensated Absence for Empl		Employees	Post Employment Obligations: Accrued Sick & Vac Leave		20,000.00	20,000.00	RPTTF							\$ -
9)														\$ -
10)														\$ -
11)														\$ -
12)														\$ -
13)														\$ -
14)														\$ -
15)														\$ -
16)														\$ -
17)														\$ -
18)														\$ -
19)														\$ -
20)														\$ -
21)														\$ -
22)														\$ -
23)														\$ -
24)														\$ -
25)														\$ -
26)														\$ -
27)														\$ -
28)														\$ -
29)														\$ -
30)														\$ -
31)														\$ -
32)														\$ -
Totals - This Page (RPTTF Funding)					\$ 5,624,604.20	\$ 1,288,377.50	N/A	\$ 21,666.00	\$ 21,666.00	\$ 40,146.00	\$ 21,666.00	\$ 21,666.00	\$ 915,876.75	\$ 1,042,686.75
Totals - Page 2 (Other Funding)					\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3 (Administrative Cost Allowance)					\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4 (Pass Thru Payments)					\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages					\$ 5,624,604.20	\$ 1,288,377.50		\$ 21,666.00	\$ 21,666.00	\$ 40,146.00	\$ 21,666.00	\$ 21,666.00	\$ 915,876.75	\$ 1,042,686.75