

**MEETING MINUTES
CITY OF MILPITAS**

Minutes of: Meeting of the Milpitas Oversight Board
Date: Tuesday, April 10, 2012
Time: 5:00 PM
Location: Milpitas City Hall Committee Room
455 E. Calaveras Blvd., Milpitas, CA

CALL TO ORDER

Chairman Don Gage called the meeting to order at 5:00 PM.

ROLL CALL

MEMBERS PRESENT: Armando Gomez (City), Emma Karlen (City), Vinod Sharma (County), Don Gage (County/SCVWD), Bruce Knopf (County), Mike Mendizabal (College District), and Phuong Le (Schools) as alternate.

MEMBERS ABSENT: Marsha Grilli

PUBLIC FORUM

Milpitas resident Isaac Hughes addressed the Board with his remarks about open government and his rights to seek all public information about this and other meetings.

Chairman Gage announced he had received a letter by e-mail from Board member Mike Mendizabal, which he then read aloud for the record. The letter would be provided to the City Clerk and distributed to the Board with these meeting minutes. City officials responded with brief comments about misstatements in the letter with regard to City and RDA funds, City budget, land and the MUSD.

MEETING MINUTES

Meeting minutes of March 26, 2012 were approved with one change requested by Board member Sharma. He had requested a standing report by Successor Agency that would routinely cover the status of unencumbered funds.

APPROVAL of AGENDA

Agenda was approved. City Manager Tom Williams stated that agenda item V. A on the former RDA accomplishments would not be heard.

DISCUSSION TOPICS

A. Presentation on RDA

This item was not discussed.

B. Approval of first ROPS

Mr. John Guthrie, retired County Finance Director, was introduced as the person responsible for the audit process for the former Redevelopment Agencies in Santa Clara County. County staff was prepared to present information on the proposed Recognized Obligation Payment Schedule (ROPS). Discussion of roles of the County, its attorneys, and City staff ensued, included concepts of open government and sunshine on all matters of this Board.

From the County Counsel's staff, Mr. James Williams gave a presentation on the audit that was performed by the County on the Milpitas Redevelopment Agency and its activity, as well as the ROPS process. On April 15, 2012 the initial ROPS was due, and by July 1, 2012 a final certified ROPS was due to the state. The priority for payments on the ROPS items was reviewed.

Seven items required further information, and those were No. 10, 11, 12, 21, and 26 on first page of Schedule 2, and also No. 1 and No. 2 on second page.

Next, Mr. Roger Milocq, on behalf of the County, introduced the large county audit report conducted by his firm, Harvey M. Rose & Associates. It contained 61 items over two

Schedules, which required the certification of the Oversight Board in order to be paid in the current six months period.

For the first six months of 2012, January 1 to June 30, 2012 period, the Board reviewed and voted on items listed on the Recognized Obligation Payment Schedule.

City Finance Director Emma Karlen explained that the City of Milpitas agreed with the items on the ROPS list, while several were not certified that needed to be, most notably the 2003 Tax Allocation bonds debt service payments. Payments were due August 15, 2012. County staff responded that the due date did not fall into the six months period of the current ROPS. How to handle cash flow, a possible loan arrangement, and discretion of the County Auditor and Board of Supervisors was discussed.

Ms. Karlen state the City was not in agreement with items no. 1, 2, 9, 14, 16, 20, 21a on Schedule 1 and items on pages 27-28 on Schedule 2. She went into detail on each.

Board member Knopf inquired whether the Successor Agency could establish reserves. County staff replied there was no provision in the law for such action.

Mr. Knopf moved, and Mr. Sharma seconded, that the item regarding Tax Allocation bond payments be certified as recommended by the Auditor and to permit a loan to cover the August payment, with cash flow statements provided. This did not involve establishing reserves, as the City staff had suggested. An allocation trust fund amount was suggested as an alternative by City Attorney Mike Ogaz.

Councilmember Gomez then offered a substitute motion, to create a trust fund for paying the ongoing bond payment obligations. His motion was seconded by Emma Karlen. This motion failed when only two voted in favor.

The first motion by Mr. Knopf was approved on a vote of 5 in favor, with Mr. Gomez and Ms. Karlen opposed. City Manager Williams stated the City's strong opposition to this method of paying for the City's bond obligation payments. City Attorney Mike Ogaz stated the City's objections and distributed a written list of those.

The Board then proceeded on payment items for discussion and votes for certification.

Item No. 2 on page 5 (City land sale): Mr. Sharma moved, and Mr. Gage seconded, to move this item off the list for later review. Vote was unanimous.

Item No. 10, on page 8, Muni Services LLC: More information needed to be given to the Auditor, to hear a response from the County. Mr. Sharma agreed it could be pulled, then put back on the list as amended and sent to the state. Vote was unanimous.

Item No. 9: County staff stated the issue with this item for Maze & Associates was that the contract was made with the City, not the Redevelopment Agency. Mr. Ogaz explained that a reimbursement arrangement was needed. Mr. Knopf moved, and Mr. Sharma seconded, to enter a new agreement for this item. Vote was unanimous.

Item No. 11: for legal services from Murphy & Associates, Mr. Ogaz stated the amount of the contract had been amended and he could provide that documentation. Mr. Mendizabal moved, and Mr. Knopf seconded, to move this item to the next meeting on April 25. Vote was unanimous.

Item No. 12 (for legal services from Jarvis, Fay, Doporto & Gibson): similar to above vote, Mr. Sharma moved, and Mr. Gomez seconded, to move this item to the next meeting date. Vote was unanimous.

Items No. 14, 16, 20 and 21a (starting on p. 22): Ms. Karlen explained that these items for payment regarded unfinished Capital Improvement Program projects, including staff

costs to oversee completion of the CIPs. She disagreed with the view that the costs were to be paid by the Successor Agency as administration costs.

Mr. Milocq from Harvey Rose & Associates expressed that items no. 14 and 21a were already approved for certification.

Items No. 14, 21a, 16, 20 were all unanimously voted to be certified on the ROPS list, upon motion by Mr. Sharma and second by Mr. Knopf. Mr. Sharma sought information on which buildings the CIP projects related to. On Item 21a, staff costs based on a cooperative agreement between the Redevelopment Agency and the City of Milpitas, it was agreed that a new agreement was necessary between the Successor Agency and the City of Milpitas for staff.

On Items of Unfunded Liability: Finance Director Karlen expressed the City's view that some of the costs must be allocated to redevelopment, while County staff responded that no funds were on the current ROPS for this item. Mr. Milocq stated that a PERS actuary report was necessary to learn the dollar amounts. Mr. Sharma commented that this topic looked at assets and liabilities to determine amounts to go onto the ROPS.

On Items No. 27 and No. 28, related to PERS unfunded liability: Mr. Gomez moved, and Mr. Knopf seconded, that more data from PERS was needed to verify the percentage of obligated costs to the Redevelopment Agency, so this item would be reconsidered later. Vote was unanimous.

On all other items not discussed individually as recommended for certification in the Harvey Rose audit report, Mr. Knopf moved, and Mr. Gomez seconded, to certify those payments. Vote was unanimous.

C. Confirm next Meeting Next meeting date and time was scheduled Wednesday, April 25, 2012 at 4:00 PM.

D. Form 700 City Clerk Mary Lavelle noted that all members were required to file "Assuming Office" Form 700/Statement of Economic Interests.

ADJOURNMENT Chairman Gage adjourned the meeting at 7:28 PM.

Meeting Minutes approved with changes on April 25, 2012

Mary Lavelle, Milpitas City Clerk and
Secretary to Milpitas Oversight Board



Verizon Message Center

Saturday, Mar 31 at 11:31 AM

From: [REDACTED]
To: Don Gage dongage@verizon.net
Subject: oversite committee

Hi Don,

Thanks for calling me back yesterday. Here is what happened concerning Tom Williams (City Manager, Milpitas):

On Friday, March 30, my wife Nancy received a phone call from Steve Smith. Steve is a maintenance supervisor for the City of Milpitas. Steve told my wife he had a message for me from Tom Williams. Nancy gave the phone to me and I talked to Steve.

Steve told me that he and another rep from MSA (Milpitas Supervisors Association) and reps from MEA (Milpitas Employees Association) had a meeting with Tom Williams, earlier in the week (either Monday or Tuesday). They were discussing a presentation that MSA & MEA were to give to the City Council at the Tuesday, April 3, council meeting. This presentation was about ideas the unions had on how to save money in next year's (2012-13) budget.

Towards the end of the discussion, Steve told Tom that they were concerned that the city was continuing to spend money that had been transferred out of the RDA. Steve said that the concern was that the Oversight Committee would negate these expenditures, the City would have to pay back the spent RDA money, and the City would have another deficit the following year that the employees would have to make up.

Steve said that Tom Williams responded by saying that he could not do anything about their fears and that the City did not have any control on what the Oversight Committee decided. Tom then told Steve that Steve should tell his friend Mike Mendizabal [REDACTED] that if ~~THE~~ voted against the City of Milpitas then Milpitas Unified School District (MUSD) could kiss the land for their new elementary school goodbye. Tom continued to say that the City would sell that land at full price, not at a discounted price.

I thanked Steve for letting me know and Steve said he was just doing what he was told, by Tom Williams. I gave phone back to my wife so she could talk to Steve.

The land being referred to is 3 or 4 acres of City land (purchased with RDA money???) in the Transit Area of Milpitas. These 3 or 4 acres are part of a 10 or 11 acre piece of land that is designated as City park/community buildings/school. MUSD is currently negotiating with the City on how to put an elementary school on this property.

Yesterday morning, Friday April 30, I did notify Marsha Grilli about my conversation with Steve Smith.

I don't have any concerns about this being retold or telling it again. I don't mind telling the Oversight Committee about it. That would have to happen at a meeting (because of the Brown Act) and I don't know if this would qualify as a closed session item or if our committee can even have a closed session. If you have any questions, please feel free to ask.

Thanks
[REDACTED]