

**MEETING MINUTES
CITY OF MILPITAS**

Minutes of: Meeting of the Milpitas Oversight Board
Date: Wednesday, May 9, 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: Don Gage, Emma Karlen, Mike Mendizabal, Bruce Knopf, Vinod Sharma. Phuong Le was present as alternate to Marsha Grilli.

MEMBERS ABSENT: Armando Gomez

Board member Emma Karlen asked a question before discussion of the agenda items. She sought to understand by what authority the County Board of Supervisors voted to appoint Members or Alternate Members to this Board. Her question was relative to what the largest taxing entity was within the County. Representatives of the County Counsel's office who were present gave a response, stating that the County Auditor made a determination that the County Library was the largest special district and the Board of Supervisors was the legal authority for the Library. Another attorney added that the pre-existing property tax district was known as the "County Free Library."

PUBLIC FORUM

None

MEETING MINUTES

Meeting minutes of April 25, 2012 were approved by unanimous vote, upon motion by Mr. Knopf and seconded by Mr. Mendizabal.

APPROVAL of AGENDA

The agenda was approved by unanimous vote of the Board, upon motion by Mr. Mendizabal and seconded by Mr. Sharma.

UNFINISHED BUSINESS

A. Reimbursement Agreement

Mr. Bryan Otake, Milpitas Assistant City Attorney, reminded the Board that at the last meeting the County and the Successor Agency each had their own versions of proposed Reimbursement Agreement. Since then, both sides have agreed on one version. County Counsel agreed with the comments by Mr. Otake.

Mr. Otake advised that the Board would need to recertify items on the ROPS No. 1, as approved at the last meeting, and based upon the agreed Reimbursement Agreement, if approved today.

Mr. Knopf moved, and Mr. Mendizabal seconded, approval of the Reimbursement Agreement between the City of Milpitas and the Successor Agency (to the former Milpitas Redevelopment Agency).

B. 2nd ROPS 7/1/12 to 12/31/12

The Recognized Obligation Payment Schedule for the next period of July 1, 2012 to December 31, 2012 was reviewed and discussed.

Mr. John Guthrie, representing the County, spoke about the list of items and made adjustments to five items on the list:

- 1) City loan of \$23 million to the RDA was disallowed, and was not enforceable.
- 2) Items No. 16 and No. 17, payments for retiree health benefits and pension costs: this item fell into the ones that required a PERS actuarial report for those calculations, since that is what was at issue.

- 3) Items No. 8 and No. 10, for contracts with outside attorneys and consultants, would need to be reclassified as administration costs.

Therefore, Mr. Guthrie reported a new revised total amount of \$10,375,726. Ms. Karlen inquired when these items would be taken up again, especially on the PERS cost items. Mr. Guthrie responded, not until other processes were done first.

Mr. Knopf moved, and Mr. Sharma seconded, a motion to authorize the items numbered 1 through 8, on the County's schedule for the ROPS, dated May 8, 2012. Ms. Karlen commented that she was accepting of this certification vote, so long as unfunded liability items would soon be considered. The motion was approved on a unanimous vote of the Board.

C. Successor Agency budget

City staff provided additional break-out detail information on costs for the proposed budget, particularly related to staffing, to support the Successor Agency budget that was distributed at the previous meeting. Mr. Sharma stated that the law did not permit any salary or benefits costs for the elected officials, per OMB 87 document, so the City Councilmembers should not be among the staff listed. Many questions were posed as to the staff listed, percentage of their time spent, rationale for those positions relative to the Agency's work, and total administrative costs.

No consensus was reached, and more discussion on costs appeared necessary. The Board voted 6-0 to continue this item to the next meeting, upon motion by Mr. Knopf, seconded by Mr. Sharma.

D. Petition from Developer

County Counsel representatives reported that that office did spend time reviewing the Owner Participation Agreement between the Redevelopment Agency and the developer Integral Communities. There were no outstanding obligations, and counsel agreed with Successor Agency counsel that the Board should consider the request from the developer of Integral's "Nine at the District" project in Milpitas.

Mr. Sharma moved, and Mr. Knopf seconded, a motion to authorize the developer's petition to find null and void specified sections of the Owner Participation Agreement, as requested. The motion was adopted on a 6-0 unanimous vote of the Board.

NEW BUSINESS

A. County Auditor Report

Mr. Guthrie reported that he had earlier reported on the status of certification by the state of the audit of the agency, and described the process that many agencies were going through to certify and then recertify items on the ROPS list. Next month, his office would focus on review of the assets and liabilities of the former Redevelopment Agencies in the County.

Mr. Mendizabal moved, and Mr. Knopf seconded, a motion to accept the County Auditor's oral report, and it was approved by unanimous vote.

B. Rules for Board Conduct

Proposed Rules and Regulations were reviewed, based on the draft copy provided by Mr. Sharma. It was the basic document that County staff recommended to Oversight Boards throughout the County, to date.

Assistant City Attorney Bryan Otake made a request to add the following language: Any appointments made by any appointing body shall be communicated to the Successor Agency Clerk, with notification to the Oversight Board by placing this item on the agenda. Mr. Otake suggested this could be added to end of the Rules document, as Section 609. This change was approved on a 6-0 unanimous vote, upon motion by Mr. Mendizabal and seconded by Mr. Knopf.

Mr. Knopf requested to add to Section 600 on page 4: include a practice to send the draft agenda to the Board Chair for his approval before it goes out to the Board. The Chair shall review and approve the agenda and the Clerk shall distribute it. Additional language was recommended, as follows: Chair shall be informed of all changes requested on draft agenda, and the final agenda is subject to review and approval of the Chair, prior to distribution. This change was approved on a 6-0 unanimous vote, upon motion by Mr. Knopf and seconded by Mr. Sharma.

- C. Hiring Outside Counsel Staff reported that the City of San Jose had nearly completed an RFP to request outside counsel for its successor agency, and the City of Santa Clara planned to “piggyback” on that RFP. Mr. Otake reported that Milpitas did look into joining the RFP also, however the document was not yet finished.
- Mr. Knopf moved, and Mr. Sharma seconded, a motion to defer this item to the next agenda. The board approved the motion unanimously.
- Ms. Karlen raised questions as to who would pay for the services of outside counsel.
- D. Unencumbered Funds City Finance Director Emma Karlen stated an estimate of approximately \$650,000 in unencumbered funds at this time. Mr. Sharma stated that he sought more specific list of the amounts at the next report, and also what was the balance on February 1, 2012.
- E. Set Next Meeting The next meeting date and time was scheduled for Thursday, May 31, 2012 at 5:00 PM.
- ADJOURNMENT** Chairman Gage adjourned the meeting at 6:20 PM.

Meeting Minutes approved on May 31, 2012

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