

**Draft MEETING MINUTES
CITY OF MILPITAS**

Minutes of: Meeting of the Milpitas Oversight Board
Date: Thursday, August 16, 2012
Time: 6:00 PM
Location: Milpitas City Hall Committee Room
455 E. Calaveras Blvd., Milpitas, CA

CALL TO ORDER

Vice Chair Mike Mendizabal called the meeting to order at 6:02 PM.

ROLL CALL

MEMBERS PRESENT: Emma Karlen, Mike Mendizabal, Marsha Grilli, Michael Murdter, Bruce Knopf, Toby Wong (alternate to Mr. Gage), and Felix Reliford (alternate to Mr. Gomez)

MEMBERS ABSENT: Don Gage, Armando Gomez

PUBLIC FORUM

None.

MEETING MINUTES

Moved by Boardmember Murdter, and seconded by Boardmember Grilli, the meeting minutes of May 31, 2012 were approved with four votes in favor, including two corrections: (1) add the budget time frame of July to December, 2012 in the approval of the Successor Agency Budget (Item A. Unfinished Business) and a correction to "Mrs." in reference to Emma Karlen (Item D. on page 2). Mr. Reliford, Mr. Wong and Mr. Knopf abstained from the vote since they were not present at the May 31 meeting.

APPROVAL of AGENDA

Moved by Mr. Knopf, and seconded by Mr. Murdter, the agenda was approved unanimously.

UNFINISHED BUSINESS

A. Hiring Outside Counsel

Milpitas City Manager Tom Williams noted that Milpitas was following the actions of the San Jose Successor Agency, and was recently obtaining counsel and reviewing the funding source for outside counsel, with County Counsel actively involved. From staff, the recommendation was that it would be an unnecessary expenditure. Mr. Williams suggested the board might put off this expense with input from County Counsel and Successor Agency Counsel.

Mr. Murdter moved to defer any action on this topic, to consider it on a meeting by meeting basis, with no urgent requirement for outside counsel, and to continue to the next meeting if needed. Boardmember Knopf asked counsel Bryan Otake about the process in creating a joint memo to the Oversight Board, and he responded it was an okay process. The motion was seconded by Mr. Knopf and approved unanimously.

NEW BUSINESS

A. Alternates appointed

The board secretary had included in the packet two notifications: one from the City of Milpitas and one from the County of Santa Clara for the following appointed alternates to the board:

1) City of Milpitas City Council: staff Felix Reliford was appointed by the City Council to serve as alternate to Oversight Board Member Armando Gomez.

2) County of Santa Clara Board of Supervisors: staff Toby Wong (first) and staff Rebecca Haggerty (second) were appointed as alternates to County representatives Michael Murdter and Bruce Knopf. Those two would serve, in addition, as alternate to Don Gage, in capacity as the Library Special District appointed representative.

B. Report by City on Property Transfer

Board Vice Chair Mike Mendizabal had made the request for a report from City staff. City Manager Tom Williams reviewed the purpose of the established Milpitas Housing Authority

including plans for affordable housing. He described 15,000 housing units associated with the the MidTown and Transit Area Specific Plan areas of the city. The state Department of Finance was reviewing the list of housing assets. There were 13 properties with covenants or Disposition and Developments Agreements that were recently transferred, and three were vacant parcels. There were 10 deed-restricted residential units, which the agency purchased due to mortgage defaults on these affordable income condominiums.

Mr. Williams expressed that he would like to give a comprehensive briefing to the Board on current plans and projects that the former Redevelopment Agency had committed to, within the City of Milpitas.

Boardmember Knopf commented he would like to continue this topic to the next meeting, in order to view maps, graphics and other information available. He moved, and Boardmember Grilli seconded the motion, to continue this topic to the next meeting and it carried by unanimous vote.

C. Resolution to Approve Agency Budget

City Finance Director and Boardmember Karlen noted that a six-month budget for the Successor Agency was in the materials distributed for the meeting, for the period January to June 2013. The only difference from the last one was the restriction of a cap on administration costs, which allowed up to 3% of ROPS for the same period. That meant the allowable total was \$243,883.

Boardmember Murdter asked if the budget would decrease over time as affairs wound down, and Mrs. Karlen confirmed that. In response to Mr. Murdter's question, Attorney Otake provided an update on recent legislation and costs associated with outside legal services.

Mr. Knopf requested that the 3% amount be checked. Mrs. Karlen reviewed how the administration costs were calculated based on the law.

Alternate Boardmember Wong questioned the 25% amount allocated to the City Manager's time spent on Redevelopment Agency matters. Mr. Williams responded directly, explaining the responsibilities he handled in that allocated time and more.

Mr. Murdter moved, and Mr. Knopf seconded, the adoption of Resolution No. 1 of the Oversight Board approving an administrative budget for the period January 1 to June 30, 2013 for the Successor Agency. The resolution was adopted by unanimous vote.

D. Resolution to Approve ROPS January 1 – June 30, 2013

For the third Recognized Obligation Payment Schedule, Mrs. Karlen reviewed three items on the list, explaining the 2003 tax allocation bonds (semi-annual payment), agreement with the County of Santa Clara for land related to Elmwood Jail, and the financing agreement with Sunpower. There was also an administration allowance, as noted above. That totaled \$8.1 million for the next six months.

Mr. Knopf inquired if the City had received a letter from the County Auditor about the continuation of the review of the ROPS, and the copy of the letter was distributed by the Clerk. He knew one of the items, No. 5 (financing agreement), was specifically under review for the dollar amount. His vote to approve the ROPS would be contingent on that amount.

Mrs. Karlen responded that the County had time to continue their review, and could make a protest if needed. If the Agency did not make payments, there was a "true-up" process to handle it later. Money would not be distributed until January. The Successor Agency needed to submit the ROPS by September 1, attorney Otake noted, per the state legislation.

Mr. Knopf moved adoption of the proposed Resolution, with the following amendment: under No. 2 (referring to Exhibit I), the third ROPS attached as Exhibit I excepting items that have no payment due during the six months period of January 1 to June 30, 2013 including items No. 3, 4, 6, 7, and 8. He did this just to clarify that what was approved was for those items that have payment obligations in the upcoming period. Mr. Murdter seconded the motion. This action would approve payment of items No. 1, 2, 5, and 9 (admin. fees).

Mr. Williams, Mr. Otake and Mrs. Karlen further commented, remarking that the Board was approving only the payments on ROPS, not the liability of items on the list, as was discussed.

The Board voted unanimously to adopt Resolution No. 2 approving a Recognized Obligation Payment Schedule per Health and Safety Code Section 34177(m), for the period January 1 to June 30, 2013.

E. Unencumbered Funds Emma Karlen reported there were no unencumbered funds.

F. County Auditor Report No report was provided, as no County Auditor staff was present.

Boardmember Karlen noted the status of the report was important, since the audit of housing assets and obligations was due by October 1. She had hoped to hear from Harvey Rose firm for the County Auditor on this topic. Milpitas City Manager Williams noted there were serious financial penalties for missing the deadlines in state legislation.

G. Set Next Meeting Attorney Bryan Otake described the required process of two necessary Board meetings. After the Oversight Board reviewed the housing assets audit, then the Successor Agency must submit its report to the state Department of Finance by October 15. There must be a period for public comments, with a minimum of five business days between first and second meetings. At the second meeting, the Board could approve the housing audit.

Future meeting dates and times were scheduled for possibly two of three dates recommended: Thursdays, September 27 and October 4, and Friday, October 12. Confirming the dates depended on receipt of documents in a timely manner from the County for review by staff, then to present those to the Board, with five days in between the two necessary meetings.

Items for the next agenda included: hiring of outside counsel, unencumbered funds report, standing County Auditor's report, and a City staff report on Housing Authority assets and projects.

ADJOURNMENT

Vice Chair Mendizabal adjourned the meeting at 7:00 PM.

*Meeting minutes drafted and submitted by
Mary Lavelle, Board Secretary*