DRAFT

CITY OF SAN LEANDRO
Successor Agency Oversight Board

June 25, 2014
9:00a.m.-10:00a.m.

Sister Cities Gallery
San Leandro Civic Center
835 East 14th Street

HIGHLIGHTS

Board Members: Supervisor Wilma Chan, Surlene Grant, Steve Hernandez, John Jermanis, and Mark Williams

City staff present: Finance Director Baum, Community Development Director Battenberg, Assistant City Attorney Downs, Business Development Manager Kay, Development Specialist Proffitt

Public present: Steve Melikian, Jones Hall

The meeting was called to order at 9:02 a.m.

1. Call to Order/Announcements

a. Roll Call –

b. Adoption of February 26, 2014 Oversight Board Meeting Highlights
M/S/C Jermanis/Hernandez; Ayes 5

c. Announcements –

i. Kay presented an update on the third legal action regarding the Non-Housing Due Diligence Review. This issue is the DOF's attempt to recover monies from regular debt service payments made by the Redevelopment Agency to the City for the General Fund Loan prior to the passage of the Redevelopment dissolution law (AB x1 26). Additionally, the suit challenges the DOF's refusal to acknowledge several City-Agency funding agreements as enforceable obligations that were re-authorized by the Oversight Board in 2012. Kay stated that the City-Agency funding agreements are comprised of a General Fund loan for just over $2 million and cooperative agreements to fund slightly more than $9 million in public infrastructure improvements. The case is scheduled for a July 18, 2014 trial date. Assistant City Attorney Downs noted that two cities had received favorable judgments on similar issues of re-authorized agreements, but that some cities had received unfavorable judgments on the issue of claw-back of pre-dissolution payments.

ii. Kay also noted that the DOF had issued a Meet-and-Confer determination related to the Regency Centers Security Agreement, which provides funding for a downtown bicycle officer. Despite the fact that the DOF previously directed the Oversight Board to review the obligation to determine if it should be terminated, the DOF continues to withhold funding for this obligation.

2. **Oversight Board Approval of Resolution Approving the Issuance of Refunding Bonds, Making Certain Determinations with Respect to Refunding Bonds, and Providing Other Matters Relating Thereto**
   Finance Director Baum provided an overview of a proposed issued of the Successor Agency 2014 Subordinate Tax Allocation Refunding Bonds ("2014 Refunding Bonds"). The proposed 2014 Refunding Bonds will be issued to refund $10,375,000 of Redevelopment Agency of the City of San Leandro Tax Allocation Bonds, Series 2002 ("2002 TABs") and $4,720,000 of Redevelopment Agency of the City of San Leandro Tax Allocation Bonds, Series 2004 ("2004 TABs"). The par amount of the 2014 Refunding Bonds will not exceed $14 million and they will mature September 1, 2034. Annual debt service on the 2014 Refunding Bonds will not exceed the annual debt service currently payable on the outstanding 2002 and 2004 TABs.

   Baum noted that the refunding will yield cash flow savings of $4,790,977 which equates to a net present value of $1,652,045. Staff estimates that the savings will accrue to the taxing entities as follows: 46% to the schools, 25% to the County, 17% to special districts, and 12% to the City. The savings will be realized through redistribution of property tax after payment of enforceable obligations.

   The Board requested clarification of the front-loading of debt service payments and Baum indicated that doing so will allow the Successor Agency to receive a better interest rate and that the debt service payments will still be lower than they are currently.

   The Board asked whether the refunding will need to be approved by the California Department of Finance and Assistant City Attorney Downs confirmed that they would. Steve Melikian of Jones Hall, who is working with the Successor Agency on the refunding, indicated that the State has been supportive of refunding actions in other cities because the tax savings benefit all entities as well as the State.

   The Board also asked for clarification on how the savings will be distributed to the various taxing entities and Baum stated that they will receive the savings as part of the redistributed Redevelopment Property Tax Trust Fund. The amount will be reflective of each entity's share of the local property tax distribution.

Action
Approval of Resolution Approving the Issuance of Refunding Bonds, Making Certain Determinations with Respect to Refunding Bonds, and Providing Other Matters Relating Thereto
M/S/C Jermanis/Williams; Ayes: 5

3. **Board Comments –** None

4. **Public Comments –** None

5. **Adjourn** – The meeting was adjourned at 9:50a.m.