



MINUTES
OVERSIGHT BOARD – SUCCESSOR AGENCY TO THE
SAN JOSE REDEVELOPMENT AGENCY

SAN JOSE, CALIFORNIA

THURSDAY, FEBRUARY 27, 2014

The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José convened at 9:01 a.m. in the Council Chambers at San Jose City Hall.

1. Call to Order and Roll Call

9:01 a.m.- Call to Order in Council Chambers

BOARD MEMBERS PRESENT

Chuck Reed, City of San José
Kelly Hyland, City of San José
John Guthrie, County of Santa Clara
Tony Estremera, Santa Clara Valley Water District
David Snow, County of Santa Clara (Alternate)
Micaela Ochoa, Santa Clara County Office of Education
Ed Maduli, California Community Colleges

ABSENT

Board Member Harrison
Board Member Andrade.

STAFF PRESENT

Norberto Duenas, representing Successor Agency Executive Officer
Richard Doyle, Successor Agency General Counsel
Richard Keit, Successor Agency Managing Director
Julia Cooper, Successor Agency Chief Financial Officer
Chief Deputy General Counsel Patricia Deignan

Access the video, the agenda and related reports for this meeting by visiting the City's website at <https://ca-sanjose.civicplus.com/index.aspx?NID=3566>. For information on any ordinance that is not hyperlinked to this document, please contact the Office of the City Clerk at (408) 535-1266.

2. Adoption of Agenda

Accepted.

3. Closed Session Report

None.

4. Approval of Minutes

Documents Filed: Oversight Board Minutes dated February 13, 2014.

Board Member Maduli noted his presence at the meeting of February 13, 2014.

Action: Upon motion by Board Member Maduli, seconded by Board Member Guthrie, and carried unanimously, the Minutes of January 30, 2014 were approved. (7-0.)

5. Consent Calendar

None.

6. Items Scheduled for Action/Discussion

6.1 Approval of Administrative Budget and ROPS 14-15(A) (July – December 2014)

Documents Filed: (1) Memorandum from Executive Officer Ed Shikada, dated February 21, 2014, regarding Approval of the Successor Agency's Proposed July-December 2014 Administrative Budget and Recognized Obligation Payment Schedule (ROPS) 14-15A. (2) Supplemental memorandum from Executive Officer Ed Shikada, dated February 26, 2014, regarding ROPS 14-15A Revisions and Detailed Administrative Budget. (3) Letter dated February 26, 2014, from County of Santa Clara Controller-Treasurer, Irene Lui, C.P.A., regarding "Notice of No Objection to ROPS". (4) San José Successor Agency ROPS 14-15A Overview, provided at the February 27, 2014 meeting.

Successor Agency Managing Director Richard A. Keit offered appreciation to the Successor Agency, City and County Staff for their efforts on this project and provided an overview of the Administrative Budget and ROPS 14-15A. Sandy Shayesteh, Contract Manager, outlined changes to line items as noted in "Attachment D" ROPS 14-15A Detail.

Successor Agency and County Staff responded to questions from the Board.

6.1(a) Approving the Administrative Budget for July 1 through December 31, 2014:

The Board discussed and agreed to changes as set forth in the supplemental memorandum from Executive Officer Edward K. Shikada, dated February 26, 2014 as follows:

- The addition of a 10% contingency reserve to Successor Agency personnel due to the variability of personal service costs.
- A revision to City Staff Support/City Hall Lease Costs from \$948,945 to \$1,013,011 as a result of three changes: 1) to correct for an inadvertent error in the calculation of position costs, 2) to correct the rent obligation to reflect the six month obligation of \$50,000 instead of the annual obligation, and 3) the addition of a 10% contingency reserve to reflect the variability of personal service costs.

Extensive discussion ensued regarding administrative issues, and Staff agreed to explore a system for tracking the Housing Department's time to determine staff time spent on the ROPS from an administrative budget perspective.

Revisions to the Administrative Budget for the period of July 1 through December 31, 2014 with changes as noted in Attachment A were discussed.

Motion: Addressing Item 6.1(a), Board Member Guthrie moved approval of the Administrative Budget for July 1 through December 31, 2014, with direction to Staff as noted in "Action". Board Member Estremera seconded the motion.

Action: On a call for the question, the motion carried unanimously, and Resolution No. 2014-02-1061, entitled: "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José Approving the Administrative Budget for July 1, 2014 through December 31, 2014", was adopted, with the adjustment of the Miller Starr Agreement and increasing the line item from \$17,727 to \$20,000 in the ROPS; and Staff coming back to the Board with an explanation of hourly accounting if it can be done. (7-0.)

6.1(b) Approving the Recognized Obligation Payment Schedule 14-15A (ROPS 6) and authorizing payment of expenditures for items on ROPS 14-15A, which details the obligation of the Successor Agency for the period of July 1, 2014 through December 31, 2014:

Deputy County Executive Santa Clara County, James Williams noted that a "Notice of No Objection to ROPS" from the County Controller-Treasurer, had been provided to the City.

Regarding ROPS 6 and the authorization payment of expenditures for items on ROPS 14-15A, County Auditor-Controller staff requested additional documentation to several line items on the ROPS Detail Form (Attachment D to the ROPS 14-15A) and provided comments regarding proposed changes to several line items, specifically the Total Outstanding Debt/Obligation Amount for the County Agreements and the Reserve Balance reported on ROPS 13-14B.

6.1 (Cont'd.)

Successor Agency Managing Director Richard A. Keit outlined changes to the proposed ROPS 14-15A per the letter from Executive Officer Ed Shikada, dated February 26, 2014 as follows:

- Line 115 - County of Santa Clara March 2011 Settlement Agreement: The Total Outstanding Debt/Obligation Amount has been increased from \$23.8 million to \$36.5 million to include \$12.7 million of interest factored on the unpaid installment at an interest rate of 10%.
- Line 144 - May 2001 Amended & Restated Agreement (County Pass-Through Payments): The Total Outstanding Debt/Obligation Amount has been adjusted to \$51.3 million to reflect the revised estimate for Fiscal Year 2013-14 Pass-Through Payments.
- Line 155 and 163 - New line item 163, Fiscal Year 2013-14 Intra-Year Repayment Obligation has been deleted and the \$15.2 million previously reported in the Reserve Balance Funding Source Column has been moved to Line Item 155, Long-Term Reimbursement Agreement, and placed in the Other Funds Funding Source Column to correctly identify the proper use of the remaining cash balance estimated at June 30, 2014.
- Lines 156 and 157 (Long-Term Reimbursement Agreement) - The Total Outstanding Debt/Obligation Amounts owed to the City have been updated to reflect current projected amounts for Unsecured Enforceable Obligations and Direct Successor Agency costs and City Support Services made on behalf of the Successor Agency due to an insufficiency of funds in 2013-14.

Board Member Reed recommended that regarding Line 115 (County of Santa Clara March 2011 Settlement Agreement) of the proposed ROPS 14-15A, a footnote be included to acknowledge that the Total Outstanding Debt/Obligation Amount is the subject of a continuing discussion between the Successor Agency and the County.

Motion: Board Member Guthrie moved approval of the Recognized Obligation Payment Schedule 14-15A (ROPS6) and authorizing payment of expenditures for items on ROPS 14-15A with revisions as noted above. Board Member Hyland seconded the motion.

Action: On a call for the question, the motion carried unanimously, and Resolution No. 2014-02-1062, entitled: "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José Approving the Recognized Obligation Payment Schedule 14-15A and Authorizing Payment of Expenditures for Items on ROPS 14-15A, which Details the Obligations of the Successor Agency for the Period of July 1, 2014 through December 31, 2014", was adopted, with revisions as noted. (7-0.)

(Item 6.1 Continued on the next page)

6.1 (Cont'd.)

Follow-up Action Items Related to item 6.1 are noted as follows:

- Memorandum from the Housing Department regarding charges to the Successor Agency Administrative Budget as requested by Board Members Guthrie and Ochoa.
- Presentation on the Settlement Agreement as requested by Board Member Hyland.
- County Administrative Staff Time as requested by Board Member Hyland.
- Information on outside Legal Counsel as requested by Board Member Guthrie: agendize the RFP process for outside legal counsel, incorporating it into Item 8 for a future agenda item.

7. Reports and Correspondence

7.1 Long-Range Property Management Plan (LRPMP)

Documents Filed: (1) Supplemental memorandum from City Attorney Richard Doyle, dated February 24, 2014, addressing outstanding issues regarding the Long Range Property Management Plan. (2) Letter from Marne S. Sussman, Pillsbury Winthrop Shaw Pittman, LLP, dated February 25, 2014, to Members of the Oversight Board, regarding Diridon properties. (3) Long-Range Property Management Plan (LRPMP)

Successor Agency Managing Director Richard A. Keit provided an overview.

Action: None required.

8. Future Agenda Items

Successor Agency Managing Director Richard A. Keit offered that the JP Morgan extension letter would be addressed during a March 2014 meeting of the Oversight Board.

9. Open Forum

None.

10. Adjournment

The Oversight Board of the Successor Agency to the Redevelopment Agency was adjourned at 10:15 a.m.

Minutes Recorded, Prepared and Respectfully Submitted by,

ATTEST:

OVERSIGHT BOARD – SUCCESSOR AGENCY TO THE
SAN JOSE REDEVELOPMENT AGENCY
TONI J. TABER, CLERK OF THE BOARD

A handwritten signature in black ink, appearing to read "Ruth Krantz", written in a cursive style.

Ruth Krantz, Deputy Clerk of the Board

rmk/2-27-14OSB_MIN