



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

SAN JOSE, CALIFORNIA

THURSDAY, APRIL 28, 2016

The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José convened at 10:00 a.m. in the Council Chambers at San Jose City Hall.

1. Call to Order and Roll Call

BOARD MEMBERS PRESENT

**Tony Estremera, Chair, Santa Clara Valley Water District
Ed Maduli, Vice Chair California Community Colleges
John Guthrie, County of Santa Clara
Abraham Andrade, City of San José
David Snow, County of Santa Clara
Jim Shannon, City of San José
Matthew Tinsley, Santa Clara County Office of Education**

ABSENT BOARD MEMBERS:

All Present.

STAFF PRESENT

**Kevin Fisher, representing Successor Agency General Counsel
Richard Keit, Successor Agency Managing Director
David Sykes, representing Successor Agency Executive Officer
Julia Cooper, Successor Agency Chief Financial Officer
Ruth Krantz, Deputy Clerk of the Board**

2. Closed Session

None.

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.

3. Adoption of Agenda

Upon motion by Board Member Shannon, Seconded by Board Member Guthrie and carried unanimously, the agenda was adopted, with Item 6.4 deferred and moved to the next meeting of the Oversight Board. (7-0.)

4. Approval of Minutes

Documents Filed: Oversight Board Minutes dated March 10, 2016.

Action: Upon motion by Vice Chair Maduli, seconded by Board Member Andrade and carried unanimously, the Minutes of March 10, 2016 were approved. (7-0.)

Documents Filed: Oversight Board Minutes dated March 24, 2016.

Action: Upon motion by Board Member Andrade, seconded by Board Member Snow and carried unanimously, the Minutes of March 24, 2016 were approved. (6-0-0-1. Abstain: Tinsley.)

5. Consent Calendar

None.

6. Items Scheduled for Action/Discussion

6.1 Approval of JP Morgan Letter of Credit Extension

Documents Filed: Joint memorandum from Successor Agency Chief Financial Officer Julia Cooper and Successor Agency Managing Director Richard A. Keit, dated April 22, 2016, recommending adoption of a resolution.

Successor Agency Chief Financial Officer Julia Cooper provided a presentation and responded to questions from the Board.

Board Members discussed a revision of “Section 3” of the draft resolution to tighten the language. Staff agreed to amend the language to state “the amounts listed on the current ROPS will be higher due to this transaction, and it is anticipated that the difference, *in an amount not to exceed \$50,000*, will be reconciled through the true-up process for the ROPS 15-16B period”.

Action: Upon motion by Board Member Snow, seconded by Board Member Guthrie and carried unanimously, Oversight Board Resolution No. 2016-04-1114, entitled: “A Resolution of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of San José Approving the Execution and Delivery of a Second Amendment to the Amended and Restated Reimbursement Agreement and an Amended and Restated Fee Letter with JP Morgan Chase Bank, N.A.; Authorizing the Incurrence of Transaction Costs in an Amount not to Exceed \$50,000 to Implement these Actions

6.1 (Cont'd.)

and Other Related Actions in Order to Provide For the Delivery of Extensions to Existing Credit Facilities for Four Series of Merged Area Redevelopment Project Revenue Bonds and Making Other Changes Related to the Release of Liens Held by JP Morgan and the County of Santa Clara on Successor Agency Owned Properties; and Finding that these Actions are in the Best Interests of the Taxing Entities”, was adopted. (7-0.)

6.2 Approval to Commence Steps Necessary to Evaluate a Refunding of Successor Agency Bonds

Documents Filed: Memorandum from Successor Agency Chief Financial Officer Julia Cooper, dated April 22, 2016, recommending adoption of a resolution.

Successor Agency Chief Financial Officer Julia Cooper provided a presentation, and she and Senior Deputy City Attorney Tom Murtha responded to questions from the Board.

At the Board’s request, it was agreed that the resolution include wording that the Oversight Board desires to approve those agreements necessary “to assist Successor Agency staff in refunding of outstanding bond obligations; *Subject to prior Oversight Board approval*, the Successor Agency is authorized to enter into agreements with financial advisors, bond counsel and other professionals necessary to assist Successor Agency staff with evaluation of refunding alternatives.”

Action: Upon motion by Board Member Tinsley, seconded by Board Member Snow and carried unanimously, Oversight Board Resolution No. 2016-04-1115, entitled: “A Resolution of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of San José (1) Directing Successor Agency Staff to Commence the Steps Necessary to Evaluate a Refunding of Outstanding Tax Allocation Bonds and Other Bonded Debt Obligations of the Former Redevelopment Agency; and (2) Subject to Prior Approval of the Oversight Board, Authorizing the Successor Agency to Enter into Agreements with Financial Advisors, Bond Counsel and Other Professionals Necessary to Assist Successor Agency Staff with Evaluation of Refunding Alternatives”, was adopted. (7-0.)

6.3 Approval of Sale of the 330 space 88 Garage (Central Place Garage) located at 88 E. San Fernando Street

Documents Filed: Memorandum from Successor Agency Managing Director Richard A. Keit, dated April 22, 2016, recommending adoption of a resolution.

David Sykes, representing Successor Agency Executive Officer, offered background on the history and development of this property, and Successor Agency Managing Director Richard A. Keit responded to questions and indicated this item will be taken to the Successor Agency on May 17, 2016 if approved.

Board Member Snow offered appreciation for the work done on this transaction.

6.3 (Cont'd.)

Action: Upon motion by Vice Chair Maduli, seconded by Board Member Guthrie and carried unanimously, Oversight Board Resolution No. 2016-04-1116, entitled: "A Resolution of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of San José Approving the Sale of the Public Parking Garage Located at 88 East San Fernando Street Owned by the Successor Agency to the highest Bidder, MVP San José 88 Garage, LLC for a Purchase Price of \$3,575,500", was adopted. (7-0.)

6.4 Approval from the Oversight Board to Solicit or Request the County of Santa Clara to Reappraise the Real Property Underneath the Hilton Hotel.

Documents Filed: (1) Supplemental memorandum from Successor Agency Managing Director Richard A. Keit, dated April 27, 2016, recommending deferral of this item to a future meeting of the Oversight Board. (2) Email from Senior Deputy City Attorney Tom Murtha to Christopher Cheleden, dated April 27, 2016, regarding the subject lease and deferral of the Hilton item.

Action: Deferred to the meeting of May 26, 2016.

6.5 Amended Asset Disposition Schedule

Documents Filed: Memorandum from Successor Agency Managing Director Richard A. Keit, dated April 22, 2016, recommending adoption of a resolution.

Successor Agency Managing Director Richard A. Keit provided a report, and he and Senior Deputy City Attorney Tom Murtha responded to questions. Board Member Snow raised questions regarding the sale of 292 Stockton Avenue; he further questioned why the South Hall property was not being put out in the 30-day window for direct sale since the compensation agreement expired on March 8, 2016. Staff explained that the City hopes to acquire the property for future expansion of the Convention Center, and David Sykes explained that he is currently in conversation with Deputy County Executive Santa Clara County, James Williams, to bring together a proposal regarding this site for the Oversight Board's approval.

Board Member Snow pointed out projects that are not on the Long Range Property Management Plan and that appear to be in 'limbo'. Successor Agency Managing Director Richard A. Keit indicated that he will provide a separate list of these properties, and will make the asset disposition schedule a standing item on the agenda for greater clarity.

Action: Upon motion by Board Member Guthrie, seconded by Board Member Snow and carried unanimously, Oversight Board Resolution No. 2016-04-1117, entitled: "A Resolution of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of San José Approving the Amended Asset Disposition Schedule", was adopted. (7-0.)

7. Reports and Correspondence

7.1 Second Amendment to Continuing Covenant Agreement

Documents Filed: Letter from Justyn Howard, Assistant Program Budget Manager, from the State Department of Finance, dated April 7, 2016, regarding approval of Oversight Board Action.

No action required.

7.2 Final Approval of Recognized Obligation Payment Schedule (ROPS) 16-17

Documents Filed: Letter from Justyn Howard, Assistant Program Budget Manager, from the State Department of Finance, dated April 13, 2016, regarding ROPS 16-17.

No action required.

7.3 California Theatre Compensation Agreement

Documents Filed: Information memorandum from Successor Agency Managing Director Richard A. Keit, dated April 22, 2016, providing an update on the Compensation Agreement.

Successor Agency Managing Director Richard A. Keit indicated that the Successor Staff will explore other smaller venues owned by the City of San José that could accommodate the San José Unified School District's request, and will keep the Board apprised of any such opportunities.

7.4 Lease of 100 East Santa Clara Street by RSTP Investments

Documents Filed: Information memorandum from Successor Agency General Counsel, Richard Doyle, dated March 23, 2016, regarding a complaint for damages related to the lease.

Board Member Snow asserted that his request for a copy of the complaint had not yet been provided. Staff agreed to provide a copy.

8. Future Agenda Items

Board Member Guthrie opined a pattern of misuse of ministerial duties in Staff and the Agency advising the Oversight Board assuring the Board's policy considerations in carrying out fiduciary responsibilities. He proposed placing this item on the next agenda of the Board to explore options available under the dissolution law to improve this situation.

(Item Continued on the next page)

Board Member Tinsley offered a consideration of an independent clerk and an independent counsel to ensure that there is no perception that these errors are in any way representative of an ulterior motive.

Successor Agency Managing Director Richard A. Keit spoke to the efficiency of the Agency indicating that San José is as large as all the other agencies combined on both material, properties, dollars, bonds, and unique assets, and believes this Agency has been as responsive as possible.

Senior Deputy City Attorney Tom Murtha objected to any implications on the part of the staff of bad motives, indicating that the Agency and Staff have been trying to do what they think is right under the law, and additionally cited response issues on the part of the County.

Chair Estremera indicated he will work with Richard Keit on setting up a future discussion of the Board including County staff, and if it would be necessary to include the Board's Counsel or whether it should be only considered a ministerial matter.

Board Member Snow provided further comments on perceived impropriety but indicated it is a matter of process and procedure that needs to be discussed in greater detail.

9. Open Forum

None.

10. Adjournment

The Oversight Board of the Successor Agency to the Redevelopment Agency adjourned at 10:58 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

Ruth Krantz, Deputy Clerk of the Board

rmk/4-28-16OSB_MIN