



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

SAN JOSE, CALIFORNIA

THURSDAY, FEBRUARY 26, 2015

The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José convened at 9:00 a.m. in the Council Chambers at San Jose City Hall.

1. Call to Order and Roll Call

BOARD MEMBERS PRESENT

Tony Estremera, Santa Clara Valley Water District

John Guthrie, County of Santa Clara

David Barry, County of Santa Clara (Alternate for Board Member Snow)

Maribel Medina, Santa Clara County Office of Education (Alternate for Board Member Ochoa)

Jackie Morales-Ferrand, City of San José (Alternate for Board Member Corsiglia)

Abraham Andrade, City of San José

ABSENT

Ed Maduli, California Community Colleges

STAFF PRESENT

Successor Agency Chief Financial Officer Julia H. Cooper

David Sykes, Representing Interim Successor Agency Executive Officer

Richard Keit, Successor Agency Managing Director

Chief Deputy General Counsel Patricia Deignan

2. Closed Session

None.

3. Adoption of Agenda

Adopted.

4. Approval of Minutes

Documents Filed: Oversight Board Minutes dated January 22, 2015.

Action: Deferred due to lack of quorum of Board Members from January 22, 2015.

5. Consent Calendar

None.

6. Items Scheduled for Action/Discussion

6.1 Sale of 88 Tower Garage – deferred from 2/12/2015

Documents Filed: (1) Memorandum from Norberto Duenas, Interim Successor Agency Executive Officer, dated February 6, 2015, recommending adoption of a resolution. (2) Carneghi and Partners appraisal of the Central Place Garage, directing viewer's link to <http://www.sanjoseca.gov/documentcenter/view/40019>.

Motion: Board Member Guthrie moved to deny approval of the sale, citing the appraised value of \$850,000 is too low. Board Member Barry seconded the motion.

Board Members Barry, Medina and Estremera expressed their dissatisfaction with the appraisal value as presented and indicated they would not support sale of the garage to the City of San José for the appraised value of \$850,000.

Board Member Andrade countered that the garage has been continually running at a loss, building a negative balance for the Successor Agency to cover in the future. Board Member Morales-Ferrand agreed that it is the fiduciary responsibility of the Board to proceed with the sale for the appraised value, thereby decreasing the liability of the Successor Agency.

Bradley Carneghi, representing Carneghi and Partners, Inc., explained his rationale for valuation of the property as outlined in the commercial real estate appraisal dated January 2015.

Assistant Director of Transportation Jim Ortbal offered context of the garage's operability potential, explaining that the City will continue to lose money on this property.

6.1 Sale of 88 Tower Garage (Cont'd.)

Action: On a call for the question, the motion carried, and Oversight Board Resolution No. 2015-02-1086, entitled: “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency to the City of San José Disapproving the Sale of the Public Garage Located at 88 East San Fernando Street to the City Of San José for the Appraised Value of \$850,000 and Directing Successor Agency Staff to Obtain Another Appraisal or Commence an Open Solicitation Process for the Sale of the Public Garage”, was adopted. (4-2-1. Noes: Andrade, Morales-Ferrand. Absent: Maduli.)

6.2 Approval of Administrative Budget and Recognized Payment Schedule 15-16A

(a) Approval of Administrative Budget for July 1 through December 21, 2015:

Documents Filed: (1) Memorandum from Interim Successor Agency Executive Officer Norberto Duenas, dated February 20, 2015, recommending approval of the Successor Agency’s Proposed July 2015 – December 2015 Administrative Budget and Draft Recognized Obligation Payment Schedule 15-16A and approval of extension of legal services by Montoy Law Corporation. (2) Letter from County of Santa Clara Controller-Treasurer, Alan Minato, dated February 25, 2015, “Notice of Continued Review of ROPS”.

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

Motion: Board Member Guthrie moved approval of the Administrative Budget for July 1, 2015 through December 31, 2015. The motion was seconded by Board Member Morales-Ferrand.

Action: On a call for the question, the motion carried unanimously, and Oversight Board Resolution No. 2015-02-1082, entitled: “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency to the City of San José Approving the Administrative Budget for July 1, 2015 through December 31, 2015”, was adopted. (6-0-1. Absent: Maduli.)

(b) Approval of the Recognized Obligation Payment Schedule 15-16A (ROPS 8) and authorizing payment of expenditures for items on ROPS 15-16A which details the obligations of the Successor Agency for the period of July 1, 2015 through December 31, 2015:

Successor Agency Chief Financial Officer Julia H. Cooper addressed the County’s concerns as outlined in the letter dated February 25, 2015 disputing Line Item 56 – Commercial Paper used to fund affordable housing projects (SERAF) and discussed resolution of disputes with the Department of Finance over this item.

6.2 Approval of Administrative Budget and Recognized Payment Schedule 15-16A (Cont'd.)

Motion: Board Member Jackie Morales-Ferrand moved approval of the Recognized Payment Schedule (ROPS) with the recommendation to forward it to the Department of Finance for a decision on any discrepancies between the City and the County. Board Member Andrade seconded the motion.

Alternative Motion: Board Member Guthrie moved approval of ROPS as adjusted by the County's recommendation with a reduction of the payment of the Commercial Paper Program. Board Member Medina seconded the motion.

Successor Agency Chief Financial Officer Julia H. Cooper and Chief Deputy General Counsel Patricia Deignan clarified requirements for new repayment of outstanding loans.

Deputy County Executive Santa Clara County, James Williams clarified that the Commercial Paper Program doesn't have a set, fixed principal payment schedule and needs to be brought to the Board for consideration as a separately agenda item for an appropriate determination on how to make those payments. He requested that the Oversight Board approve this item at the \$300,000 amount, rather than \$14 million.

Board Member Guthrie asked to amend the motion on the floor to reduce payment of the Commercial Paper Program to \$300,000. Board Member Medina accepted the amendment to the motion.

Action: On a call for the question, the alternative motion carried, Oversight Board Resolution No. 2015-02-1083, entitled: "A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency to the City of San José Approving the Recognized Obligation Payment Schedule 15-16A and Authorizing Payment of Expenditures for Items on ROPS 15-16A, Which Details the Obligations of the Successor Agency for the Period of July 1, 2015 through December 31, 2015", was adopted with the Line 56 'Commercial Paper used to fund affordable housing projects (SERAF)' reduced to \$300,000 for ROPS 15-16A; and with the anticipation that due to insufficient Redevelopment Property Tax revenues, the Agency will not have sufficient revenues to pay for all obligations on the ROPS 15-16A. (4-2-1. Noes: Andrade, Morales-Ferrand. Absent: Maduli.)

6.2 Approval of Administrative Budget and Recognized Payment Schedule 15-16A (Cont'd.)

(c) Approve the use of “Other Funds” to pay for 14-15A Obligations Resulting from an Insufficiency of RPTTF

Chief Deputy General Counsel Patricia Deignan offered clarification regarding true-up information for ROPS 14-15A. Successor Agency Chief Financial Officer Julia H. Cooper responded to questions regarding other deductions on the gross RPTTF amount and offered that a supplemental memorandum will be provided for the next meeting of the Oversight Board.

Action: Upon motion by Board Member Guthrie, seconded by Board Member Andrade and carried unanimously, Oversight Board Resolution No. 2015-02-1084, entitled: “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency to the City of San José Approving the Use of ‘Other Funds’ to Pay for Recognized Obligations Payment Schedule 14-15A Obligations Resulting from an Insufficiency of Redevelopment Property Tax Trust Fund”, was adopted. (6-0-1. Absent: Maduli.)

(d) Approve an Extension of the Appointment of Montoy Law Corporation

Action: Upon motion by Board Member Medina, seconded by Board Member Barry and carried unanimously, Oversight Board Resolution No. 2015-02-1085, entitled: “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency to the City of San José Approving an Extension of the Appointment of Montoy Law Corporation as Conflicts Counsel to the Oversight Board for One Year to June 30, 2016”, was adopted. (6-0-1. Absent: Maduli.)

6.3 Asset Disposition Update

Successor Agency Managing Director Richard A. Keit provided a verbal update. He indicated that there are already several inquiries regarding the upcoming solicitation for the car wash site, which will ideally bring in a great deal of revenue to pay off enforceable obligations. Board Member Barry requested that any offers from the last solicitation effort be included in the report as a frame of reference.

Action: No action required.

7. Reports and Correspondence

None.

8. Future Agenda Items

None.

9. Open Forum

None.

10. Adjournment

The Oversight Board of the Successor Agency to the Redevelopment Agency adjourned at 10:06 a.m. to March 26, 2015.

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

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