

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

SAN JOSE, CALIFORNIA

THURSDAY, AUGUST 22, 2013

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
Tony Estremera, Santa Clara Valley Water District
Emily Harrison, County of Santa Clara
Ed Maduli, California Community Colleges
John Guthrie, County of Santa Clara
Micaela Ochoa, Santa Clara County Office of Education**

ABSENT: Abe Andrade, City of San Jose

STAFF PRESENT

**Norberto Duenas, representing Successor Agency Executive Officer
Richard Doyle, Successor Agency General Counsel
Richard Keit, Successor Agency Managing Director
Julia H. Cooper, Successor Agency Chief Financial Officer**

2. Adoption of Agenda

Approved.

3. Closed Session Report

None.

4. Approval of Minutes

Documents Filed: (1) Oversight Board Minutes dated June 27, 2013; (2) Letter from Paul C. Levin, Pillsbury Winthrop Shaw Pittman LLP, representing Stand for San José, dated August 21, 2013, requesting a correction to the Minutes of June 27, 2013.

Action: Upon motion by Board Member Harrison, seconded by Board Member Maduli, the minutes of June 27, 2013 were approved, with changes to Item 7.1 “public comment” as requested on behalf of Stand for San Jose. (*See Item 7.3*) (6-0-0-1. Abstain: Ochoa.)

5. Consent Calendar

1. Monthly Financial Statements (First Meeting of the Month) – None.
2. Audit Status – None.

6. Items Scheduled for Action/Discussion

6.1 Termination Agreement – Intermolecular Inc. and Brocade Communication Systems

Documents Filed: Memorandum from Executive Officer Debra Figone, dated August 16, 2013, recommending approval of termination agreements.

Successor Agency Managing Director Richard A. Keit provided an overview. Board Members Guthrie and Harrison requested that Staff inform the Oversight Board of new termination agreements entered into and savings resulting from those agreements and to include this direction in the resolution.

Action: Upon motion by Board Member Harrison, seconded by Board Member Guthrie and carried unanimously, Resolution No. 2013-08-1049, entitled “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José: (A) Approving Termination Agreements Terminating Certain Agreements Between the Former Redevelopment Agency and Intermolecular Inc. and Brocade Communication Systems Inc. for the Provision of Financial Assistance for the Purchase of Capital Equipment, Without Cost to the Successor Agency; and (B) Authorizing the Successor Agency to Enter into Termination Agreements with Private Parties to Terminate Existing Enforceable Obligations, Provided that any such Termination is Without Cost to the Successor Agency”, was adopted, with an amendment to the resolution as noted above. (7-0.)

6.2 Edenvale Community Center – Larsen & Son Settlement

Documents Filed: (1) Memorandum from Richard Doyle, Successor Agency General Counsel, dated August 2, 2013, recommending approval of a Settlement Agreement and release of litigation related to the construction of the Edenvale Community Center.

Senior Deputy City Attorney Tom Murtha, provided an overview of the settlement.

Action: Upon motion by Board Member Guthrie, seconded by Board Member Maduli, and carried unanimously, Resolution No. 2013-08-1048, entitled “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José (I) Approving the Settlement Agreement and Release between Ralph Larsen & Son, Inc., Graniterock Company doing business as Pavex Construction Division, Travelers Casualty & Surety Company, Farmington Casualty Company and the Successor Agency to the Redevelopment Agency of the City of San José (“Successor Agency”) for the Purpose of Establishing an Enforceable Obligation to Settle a Lawsuit Against the Successor Agency for the Sum of \$4,500, and (II) Directing Successor Agency Staff to Include the Settlement Agreement and Release as an Enforceable Obligation on the Recognized Obligation Payment Schedule 13-14B (for the Period Jan 1-June 30, 2014)”, was adopted. (7-0.)

6.3 Wells Fargo Private Placement Renewal

Documents Filed: Memorandum from Executive Officer Debra Figone, dated August 15, 2013, regarding Merged Area Redevelopment Project Taxable Subordinate Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010C – Extension of Mandatory Purchase Date.

Director of Finance Julia H. Cooper offered a brief introduction regarding the renewal, adding that the City should be able to move ahead with the closing without having the extra 45 days usually required.

Action: Upon motion by Board Member Estremera, seconded by Board Member Guthrie, the motion carried unanimously, Resolution No. 2013-08-1050, entitled “A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of San José Approving and Authorizing the Negotiation, Execution and Delivery of an Amended and Restated Continuing Covenant Agreement and a First Supplement to Fiscal Agent Agreement; Authorizing the Incurrence of Transaction Costs to Implement these Actions and other Related Actions in Order to Allow for the Bank Bond Holder to Continue to Hold the Redevelopment Agency of the City of San Jose Merged Area Redevelopment Project Taxable Subordinate Housing Set-Aside Tax Allocation Variable Rate Bonds, Series 2010c; and Finding that these Actions are in the Best Interests of the Taxing Entities”, was adopted. (7-0.)

7. Reports and Correspondence

7.1 Memorandum regarding Department of Finance – Oversight Board Determinations

Successor Agency Managing Director Richard A. Keit outlined the State Department of Finance’s (DOF) determinations of the resolutions approved by the Oversight Board on June 27, 2013, and offered that Staff will be meeting with the DOF Staff on September 4, 2013, regarding the HUD 108 loan reimbursement and North San Pedro DDA’s, and will provide an update to the Board on the outcome of this meeting.

Documents Filed: Memorandum from Executive Officer Debra Figone, dated August 16, 2013, regarding the State Department of Finance Letter pertaining to the June 27, 2013 Oversight Board Determinations.

Action: No action required.

7.2 Fitch Correspondence

Documents Filed: Fitch Ratings and Removal of Negative Watch dated August 12, 2013.

Action: No action required.

7.3 Letter from Pillsbury Winthrop Shaw Pittman LLP

Documents Filed: Letter from Marne S. Sussman, Pillsbury Winthrop Shaw Pittman LLP, dated August 12, 2013, clarifying public comments made by a representative for Stand for San José at the Oversight Board Meeting of June 27, 2013.

Action: “Public comments” under Item 7.1 of the Minutes of June 27, 2013, were corrected to accurately reflect arguments made by Petitioners, stating the Petitioners “urged the Oversight Board to direct the Successor Agency to treat the Option Agreement as an unenforceable obligation”.

7.4 Information Memo: North San Pedro Housing Project

Documents Filed: Memorandum from Executive Officer Debra Figone, dated August 16, 2013, regarding the North San Pedro Housing Project – Benefits to Taxing Entities Matrix.

Board Member Harrison referred to Table 2, questioning why values of grants go down with the infrastructure funding. Real Estate Manager/Board Member Kelly Hyland explained that with the grant we have the prices defined in the Development Agreement; without the agreement and the grant, we would go on the open market leaving it open to the current market conditions which provides a higher price for those parcels. If we remain with the deal cut prior to this change we would have less for blocks B/F, but we wouldn't get the benefit of two additional parcels being developed.

Board Member Harrison asked that in the future a greater extension of the footnotes for explanation would be helpful.

Action: No action required.

8. Future Agenda Items

None.

9. Open Forum

None.

10. Adjournment

The Oversight Board of the Successor Agency to the Redevelopment Agency was adjourned at 9:22 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//08/22/13OSB_MIN