MINUTES OF THE CITY OF SANTA CLARA OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY FOR MEETING HELD ON FRIDAY, MAY 18, 2012

The Oversight Board for Successor Agency to the City of Santa Clara Redevelopment Agency met at 2:01 pm, on the above-mentioned date in the City Hall Council Chambers.

Present: Mayor of City of Santa Clara appointees: Gary Ameling, Director of Finance and Jamie L. Matthews, Mayor; Santa Clara County Board of Supervisors appointees: Vinod Sharma, Santa Clara County, Director of Finance and Don Jarvis, Santa Clara County, Fire Department, Deputy Chief/Operations; Santa Clara Valley Water District (SCVWD) appointee: Don Gage, Board Member; and Bobbie Plough, Santa Clara Unified School District, Superintendent; and Chancellor of the California Community College District appointee: Edralin Maduli, West Valley-Mission Community College District, Vice Chancellor of Administrative Services (arrived at 2:14 pm).

City Staff Present: Jennifer Sparacino, City Manager/Successor Agency Executive Officer; Alan Kurotori, Assistant City Manager; Carol McCarthy, Acting Assistant City Manager; Richard Nosky, City Attorney; Tamera Haas, Assistant Director of Finance; Jennifer Yamaguma, Assistant City Clerk/Successor Agency Clerk; and Karen Tiedemann, Legal Counsel, Goldfarb & Lipman, LLC.

In consideration of the **Minutes** for the meeting of **May 3, 2012**, Board comments were made with regard to the motion related to the referral of the Promissory Note (Line Item 7) and the Loan Agreement (Line Item 9) on the Second Recognized Obligation Payment Schedule (ROPS) to the May 18, 2012 Board Meeting. Following a Board and City of Santa Clara discussion, the Board referred the Minutes for the meeting of May 3, 2012 to the City of Santa Clara staff for review and possible clarification and to return to the Board for adoption, as amended if needed, at the June 7, 2012 Board Meeting.

As an exception to the agenda, Chairperson Gage indicated that the Successor Agency Cash Flow Estimates would be considered earlier than agendized.

The Board proceeded to consider the **Successor Agency Cash Flow Estimates**. The City Manager/Successor Agency Executive Officer noted documents provided and reviewed projections for the time period of January 1, 2012 through June 30, 2013 and July 1, 2013 though June 30, 2014; the Redevelopment Agency of the City of Santa Clara Cash Transaction Activity for the period of July 1, 2011 through January 31, 2012; and the Asset Transfer Assessment, which was provided to the State Controller. She noted that the Successor Agency for the Redevelopment Agency of the City of Santa Clara has a projected shortfall of approximately $8-9 million to pay obligations through November 2012 in order to avoid default on bond payments. The County of Santa Clara staff addressed the Board with comments. A Board discussion followed and the City of Santa Clara staff, Ms. Tiedemann (Goldfarb & Lipman, LLC) and the County of Santa Clara staff answered Board questions and made further comments. For the record, Board Member Sharma noted that he has concern with the payments that were made by the Redevelopment Agency from the time period of July through December 2011, which he believes were not

authorized by the law. Further, he is concerned that following the State Controller's audit, there could be a determination that the Oversight Board did not have authority to authorize specific transactions. He said that by approving the addition of the Successor Agency to the Redevelopment Agency of the City of Santa Clara loan to the ROPS, the Board is effectively ratifying all of the transactions paid out of the tax increment/tax allocation from the time period of July through December 2011, which insinuates there is not a structural deficit. He noted that as County Auditor and Controller, he has concern that if at a later date the State comes back and says that the Oversight Board did not have authority, he would feel obligated to reverse those transactions. He reiterated that the Successor Agency to the Redevelopment Agency of the City of Santa Clara loan to cover the shortfall is a risk of the City of Santa Clara. **MOTION** was made by Matthews, seconded and unanimously carried, that the Board **refer** the City of Santa Clara staff to recommend to the Housing Authority to **transfer** approximately **$3 million** from the **affordable housing set-aside** within the Low and Moderate Income Housing Fund to the **City of Santa Clara, acting as the Governing Board of the Successor Agency for the Redevelopment Agency of the City of Santa Clara**; **refer** the City of Santa Clara staff to recommend that the Housing Authority authorize an approximately **$5.9 million loan** with the **City of Santa Clara, acting as the Governing Board of the Successor Agency for the Redevelopment Agency of the City of Santa Clara**, for the balance of the shortfall needed for the **payment of bond obligations** of the Successor Agency for the Redevelopment Agency of the City of Santa Clara; **authorize** the **addition of the Successor Agency for the Redevelopment Agency of the City of Santa Clara loan**, in the approximate amount of $5.9 million, as a line item on the **Second Recognized Obligation Payment Schedule (ROPS)**, subject to approval and execution of an agreement by the City of Santa Clara and the Successor Agency for the Redevelopment Agency of the City of Santa Clara; and **direct** the City of Santa Clara staff to work with the County of Santa Clara staff as needed in the interim and to bring a **status report** to the **June 7, 2012 Oversight Board meeting**.

In consideration of the item requested by the County Director of Finance/Board Member Sharma regarding a **discussion on transfer of assets reported by the Successor Agency to the State Controller's Office** pursuant to ABx1 26, Board Member Sharma noted that his questions had been answered during consideration of the prior agenda item related to the Successor Agency Cash Flow Estimates. City of Santa Clara staff and the County of Santa Clara staff made clarifying comments.

In consideration of the **Approval of Second Recognized Obligation Payment Schedule (ROPS) (Second ROPS was sent to State May 14, 2012 by Successor Agency staff), including Promissory Note for Affordable Housing and Downtown Revitalization Loan**, the County of Santa Clara staff made comments. **MOTION** was made by Matthews, seconded and carried with Sharma dissenting, that the Oversight Board **approve** the Second Recognized Obligation Payment Schedule (ROPS), including the Promissory Note for Affordable Housing, the Downtown Revitalization Loan and the Successor Agency for the Redevelopment Agency of the City of Santa Clara loan, in the approximate amount of $5.9 million.

4B. In consideration of the **Successor Agency Administrative Budget for the period of July 1, 2012 through December 31, 2012 - approved by Successor Agency**, the City of Santa Clara answered Board questions and Board comments were made. **MOTION** was made by Matthews, seconded and unanimously carried, that the Oversight Board **approve** the Successor Agency Administrative Budget for the period of July 1, 2012 through December 31, 2012, noting that the City of Santa Clara would absorb any expenses in excess of the cap.

4D. The Chairperson noted that the **Schedule of Meetings for the remaining calendar year 2012** had been distributed.

6A. The Chairperson reviewed the **agenda items** for the **next scheduled meeting**, including an overview of City of Santa Clara Successor Agency for Redevelopment Agency Affordable Housing projects; discussion of Legal Counsel to the Oversight Board; an overview of Stadium agreements; and a status update of the Successor Agency for the Redevelopment Agency of the City of Santa Clara's actions related to the short-term loan to cover the cash shortfall of the Successor Agency for the Redevelopment Agency of the City of Santa Clara debt obligations.

2A. Due to earlier action of the Oversight Board related to the approval of the Second Recognized Obligation Payment Schedule (ROPS), including the Promissory Note for Affordable Housing and the Downtown Revitalization Loan, **MOTION** was made by Sharma, seconded and unanimously carried, that the Oversight Board **adopt** the **Minutes** for the meeting of **May 3, 2012**.

8A. The meeting was adjourned at 3:50 pm to Thursday, **June 7, 2012** at 2:00 pm in the City Hall Council Chambers.

APPROVE: _____
Chairperson

ATTEST: _____
Clerk