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>> Mayor Reed: Good morning. I'd like to get the meeting started. This is a special board meeting called so we can deal with our recognized obligation payment schedule changes. Let's start with -- check to see we have a quorum. We do. City Attorney, I don't know how many we need for the special meeting, but I think we have plenty, is that right?

>> Rick Doyle: Yes, you do, you have a quorum.

>> Mayor Reed: Okay. Any changes to our agenda order? Hard to change it when there's only one thing on it. So let's just go through, we have no closed session report, minutes, or consent calendar items. So we have one item scheduled for action and discussion, that is item 6.1 regarding changes to the recognized obligation payment schedule. I'll let Richard Keit explain why we're here.

>> Richard Keit: Thank you, and I appreciate everyone coming on such short notice. This is so critical, it's a \$39 million obligation that we would not have the funds for, and we appreciate the county's assistance on this, in fact once the trailer bill legislation came out, they warned us of the possibility that we would have that shortfall if we didn't amend the ROPS that are going to be before you. Before I go, I'll turn it over to Julia Cooper, acting director of finance in a minute. But I just want to let you know, we have sent this document, well first of all we worked with the county, and their finance agency approved what we -- and discussed what we completed, what's before you today for approval. And also, we sent the documents in to the department of finance that has final approval authority. They are still reviewing it. So what we would like to do, if the off-chance that they do not agree in total with the two documents, we'd like to get the technical authority from the board, and maybe the attorneys can go over the detail of what that actual language would be. But rather than -- we're hoping that there is no modifications, but say they modify one line or two lines on the forms, that we would not have to reconvene the board. This would have to be done before the 12th, which is only a few days. So having said that, I'll turn it over to Julia and -- to give you the details of why we need these amendments, the two amendments today. Thank you.

>> Julia Cooper: Good morning. Members of the board, we have a rather short staff report before you today, and the changes we're making are -- basically have to do with the disbursement of the tax revenue that occurred

to the successor agency in January of this year. And the difference between the amount that was used to pay debt service of about \$40 million and the amount that was held with the trustee for debt service coming due in August. While there's really no new expenditures on ROPS 1 and ROPS 2 it is really a reallocation and a demonstration of how those expenditures are being made. And as Richard mentioned, the critical nature of this is if we don't make these changes, the state will recognize the \$39 million that was passed to the successor agency as an overpayment and ask that money be returned to the county for distribution to taxing entities. There really was no overpayment, all that money is being used to pay debt services. And if these changes aren't made, what would happen is, is the successor agency's absence of having that money, the state would intercept from the city's sales tax revenue a like amount, and obviously that would put a \$39 million hole in the City's General Fund which is a crater actually. So at this point these changes are really just administrative changes so we can comply with the new legislation in the trailer bill so we're open for any questions that you may have.

>> Mayor Reed: Questions? I guess the question is: What kind of authorization do we need to give you so we don't have to have another special meeting assuming changes need to be made that are technical in nature?

>> Rick Doyle: Mr. Mayor if I can, I'll chime in and maybe finance folks if they have any adds, they can add. It's really the recommendation before you which are the resolutions that change the ROPS to comport with the legislation. But to Mr. Keit's earlier point that to the extent the Department of Finance may require some nonsubstantive changes, just come into technical compliance that we have the authority to do that without having to come back. And we would report back to the board of course by information memo of any and all nonsensitive changes the DOF may require.

>> Mayor Reed: Let me suggest that we give you authority to do whatever you and county counsel thinks needs to be done. If you agree, and it's obviously going to be a nonsubstantive, nonmajor kind of event, that we could do that without trying to be too precise in the definition. Because the way this is working, they come up with some weird stuff that we have to respond to. I think, I'm not sure, I've got Dave Cortese showing up on here but he hasn't been here ever. I think whoever --

>> I think that's me. I just wanted to make one comment. Like to thank San José city staff, who worked cooperatively with the county staff to make a very short deadline. We were working over the weekend to comply with 1484 requirements. And the bottom line is, for those board members who are not aware of all these waterfall, the worst waterfall, the bottom line the numbers do not change. The total obligation that the city has to fork out in the end, it remains the same, it just changes the buckets.

>> Arn Andrews: Right. If I may, Arn Andrews, acting assistant director of finance. What Jai says is correct. As a board you would not be additional authorization of expenditures. What you would be doing is giving us the latitude that if DOF did not approve one of the items that we thought should be represented differently, then we would go back as successor agency staff and work with the county to come up with an additional agreed upon way that we could reflect how the expenses happened, and then that would be something that we would then, in a collaborative fashion, show to DOF again, but it would not be an additional authorization or change of dollars, it's just the representation of how those dollars have been reflected in the past.

>> Mayor Reed: Anything else? Dave? Were you done, Don? I'm sorry.

>> Donald Gage: Didn't get a chance to talk. But I guess I'm done.

>> Mayor Reed: It could be the case. But hit me just go back to Jai, make sure Jai -- then Don.

>> Donald Gage: The action you want us to take today is give you authorization, I think we should make this contingent on the decision that comes from the state, correct? So in other words, if the state says no, we don't agree with it, then we need to negate that and come back here.

>> Richard Keit: Right, if it's a substantive change. The City Attorney and the American said if it's a minor change.

>> Donald Gage: I'm not worried about minor changes, I'm worried about them just saying no.

>> Richard Keit: I don't think they'll say no. We've already gotten early indication that they understood how we did our methodology in moving the items from form A to B and such as explained in a memo. And by the way, the yellow highlighted lines on your sheet, on all the sheets -- and some are double sided to save paper -- are the lines that had the modification, so it's easy to quickly ascertain which lines were modified.

>> Donald Gage: When you are saving paper just remember the old eyes that are looking at this. But I'll be happy to make a motion to approve this contingent on the department of finance's outcome.

>> Mayor Reed: Is that good enough, City Attorney, clear enough? Okay, is there a second? We got a second from Ed. All right, then, Don, were you done?

>> Donald Gage: Yes.

>> Mayor Reed: Dave.

>> So I'm happy to agree with what we're here to do today which is the amendment of ROPS 1 and 2. I think that's very important, particularity that the county continue to work with the city. I would like to say in the staff report in the summary, it says we agree to disagree, that being the city and the county, on issues surrounding interpretation of indenture in the legislation. There continues to be disagreement, specifically on the bond indenture, as well as some of the other provisions in the law, but I do look forward to additional conversation in the future.

>> Mayor Reed: Okay. There will be no doubt some additional conversation on that as we go forward. Anybody else on that? We have a motion to approve the staff recommendations with the authorization to deal with nonsubstantive changes by working with County. On that motion, all in favor? Opposed? None opposed, the motion is approved. Anything else on that from the staff? We have no requests to speak under open forum. So that was the last -- one and only item on our agenda. That means we are done, so we're adjourned. Next meeting

is scheduled for August 9th, 9:00 a.m., and if the State does something really crazy we might have to give you notice. What is our minimum notice, 24 hours? So everything has to be done before the 12th.

>> Richard Keit: The 12th is correct.

>> Mayor Reed: All right so hopefully we'll be able to get a quorum if we have to come back. But I'm optimistic we won't. Why? Just because I'm an optimistic person. So with that we're adjourned. Thank you very much for being here. I appreciate everybody coming in on short notice.