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>> Debra Figone: I'd like to call this meeting of the oversight board of the successor agency of the Redevelopment Agency of the City of San José to order. My name is Debra Figone, I'm the executive director director of the successor agency. This is a different role for me to be calling this session to order. I'm going to be calling the few minutes of the session until the chair and vice chair are selected. First of all why don't we have each board member introduce yourselves. As part of the training you do have to activate the light to use your microphone. We'll begin to my far left.

>> Vinod Sharma: My name is Vinod Sharma. I'm the auditor-controller for the county.

>> Norberto Dueñas: Norberto Dueñas, City of San José.

>> Mayor Reed: Chuck Reed, Mayor of the City of San José.

>> Jai Singh: Jai Singh with the City of Santa Clara, I'm alternate for Liz Kniss.

>> Donald Gage: Don Gage representing the Valley Water District.

>> Ed Maduli: Ed Maduli, West Valley and Mission Community College District, representing community colleges.

>> Debra Figone: Thank you and welcome, members of the oversight board. I have a few comments, and then I'll turn it over to city staff for some brief introductions and then we'll begin with the order of business. First of all, in addition to welcoming to you, I think it's important that we take a moment, just to think about a year ago, we really wouldn't have dreamed that we would be here today. Winding down the operation of our Redevelopment Agency which has regardless of your position on redevelopment had a major positive impact on San José, its downtown, its economic competitiveness and the supply of affordable housing for our residents. As we move forward to implement the dissolution process it is important to recognize that this is a very big undertaking. We are winding down a \$4 billion business. The city is determined to abide by the terms of the legislation and has already taken many steps to begin the dissolution process. My staff has already met many times with county staff, and I think

they would agree that we are work cooperatively to make this process as smooth as possible. As we move forward, the goal of the mayor and the city council and the administration is to ensure that the city and its fragile General Fund is protected. And so we want to be mindful that decisions, the oversight board may make, will have an impact on the City's budget. Today, we will take the first administrative steps and begin the discussion of the work needed to implement the legislation. I expect that we will need to meet more frequently at the beginning of this process, due to the number of decisions that need to be made. So at this point I'd like to turn this over to Richard Keith, managing director of the successor agency. But first I would like to introduce you to a few of the additional staff you will be hearing from in future meetings. Down in the front box, we have Julia Cooper acting director of finance. Arn Andrews, acting assistant director of finance, Leslye Corsiglia, director of housing. Rick Doyle, our City Attorney, in the staff area, Patty Deignan chief deputy City Attorney and Tom Murtha, senior deputy chief City Attorney. Richard.

>> Richard Keit: Thanks, Debra. I would like to emphasize a point the executive officer, our City Manager, made regarding unwinding redevelopment. As you will see from the forthcoming presentation, later in the agenda, and in subsequent months to come, not only is it a large \$4 billion enterprise we must dissolve, but in the process of eliminating blight, constructing public improvements and fostering economic development, every asset, transaction, loan, and development agreement, is unique. And often complex. It also should be noted that two years ago, the Redevelopment Agency had 80 employees, and as repeat as a year ago, 58 employees. So we are unwinding an administrative entity as well that we used to carry out our functions as a Redevelopment Agency. With the support of city personnel, from the City Manager's office, the finance department, the city attorney's office and housing department, the successor agency staff remains committed to the dissolution of the agency while completing projects and staffing your oversight board. The success agency has only ten staff: Eight full time and two full time people. They are all sitting in the first two rows up here and I just want to thank them for the amazing amount of work that we've done since the dissolution date on February 1st. The small staff remaining are all specialists in finance, real estate, project management or administration. I want to introduce two I specific close that help to assist the oversight board should I not be available. Abe Andrade, our assistant chief financial officer, and who was the former director of finance for the Redevelopment Agency, and Jennifer Chen who is the development officer and is just instrumental in staffing this oversight board as we proceed through the year. Before

turning back to the executive officer, Deb Figone, I would like to mention a few administrative items. We know all your administrative personnel and they've been extremely helpful in this startup phase so please thank them for us. Also in regard to the briefing in your binder, table of contents, I want to make clear it has dates when subsequent inserts will be coming forth and it's right there on the table, you don't have to go through the whole binder to find those out as we proceed with future oversight board meetings. Also I want to alert you to the fact that there are two supplemental memos, from the attorney's office. The first, they are all in your packet and they were sent out electronically as well. The first refers to item 6A 2 and responds to a request by board member Sharma for the draft rules of conduct to be posted and distributed to the board. Prior to the meeting and that was done. The second memo refers to item 6 E and provides more specificity, regarding the three affordable housing projects that Leslye Corsiglia will discuss in detail later in the agenda. And lastly, item in the agenda materials, last item in your materials and for your ease of viewing, we placed the dates of future meetings on a single sheet next to the packet. So when that item comes up, it's item 6A-3, you can see those easily without digging through your whole binder. With that I'd like to turn it back to Debra.

>> Debra Figone: Thank you, Richard, we're on item 1B, oath of office, I would like to have Dennis Hawkins, who will serve as the clerk for the successor agency and the oversight board, to administer the oath of office.

>> Dennis Hawkins: Thank you Debra. If I could ask the board members to please stand and raise your hand. On the dais I put the oath that I will ask you to sign after the administration of the oath, and there is also a copy of the oath. Please repeat after me, but it's available for you should you care to follow along. I, state your name.

>> (repeating).

>> Dennis Hawkins: Do solemnly swear.

>> (repeating)

>> Dennis Hawkins: That I will support and defend the constitution of the United States and the constitution of California against all enemies, foreign and domestic.

>> (repeating)

>> Dennis Hawkins: That I will bear true faith and allegiance

>> (repeating)

>> Dennis Hawkins: To the constitution of the United States. And the constitution of the State of California.

>> (repeating)

>> Dennis Hawkins: That I take this obligation freely.

>> (repeating)

>> Dennis Hawkins: Without any mental reservation or purpose of evasion.

>> (repeating)

>> Dennis Hawkins: And that I will well and faithfully.

>> (repeating)

>> Dennis Hawkins: discharge the duties upon which I'm about to enter. Thank you. I would appreciate the board members sign where indicated on the oath and I'll collect those at the end of the meeting. Thank you.

>> Debra Figone: I think we're ready to move on, then, and we're at adoption of the agenda, and so I'd like to request that the -- we have a motion to adopt the agenda.

>> Mayor Reed: So moved.

>> Second.

>> Debra Figone: All in favor? Opposed? Carries, thank you. We have no closed session report, no minutes yet, no consent so that brings us to item 6 A, administrative actions and at this point I'd like to entertain a motion to elect the chair and vice chairs.

>> Norberto Dueñas: Madam City Manager..

>> Debra Figone: Yes Norberto.

>> Norberto Dueñas: If I could properly, I'd like to make a motion to nominate mayor Chuck Reed as our care and as our vice chair, county supervisor Dave Cortese or the representative.

>> Debra Figone: Is there a second? Okay, we have a motion and second. All in favor? Opposed, that carries. Mayor Reed.

>> Mayor Reed: Okay, thank you. A couple of items before we get into the business. I think everybody got an access card so you can get into the back room where we have restrooms and place to sit down and rest if this gets to be too long a meeting, which I don't think it will. But we need to get those cards back when you leave. The other thing is, I just want to check and see what is time availability and when we're likely to lose a quorum, depending on the length of the meeting. Can everybody here make it until 12:00? I have to go to the dentist so I know I have to leave at a certain time. Because I wouldn't want to miss a dental appointment. Hopefully, we'll be done by 12:00. There are a lot of things that we've placed in front of the board for action. And if there are things that the

board needs more time on, we don't necessarily need to take action on everything. But there are some things we do need to do today. So the first thing is, the oversight board rules and procedures for how we conduct our meetings. A draft has been circulated. I had one request for a change in the draft. I'd like to put out an article 6 meeting agenda and procedure, section 600, down paragraph C, where it talks about public discussion on agenda items. It says, "upon calling the meeting to order, and before any motion is adopted relating to the merits of the matter to be heard, or before consideration of any item, the chair shall inquire if there are any persons present that desire to speak." Et cetera. I think calling the meeting to order is superfluous. We don't necessarily need to poll people at the beginning of the meeting. So I would like to delete that one phrase. We will do it before we take action. Other than that I thought the procedures were okay. Any other comments or questions or other things on the procedural part of this? We can always amend these at a later time if we find they are unworkable. This is rules of conduct for the oversight board. Anything else, Vinod?

>> Vinod Sharma: I have submitted some changes, and I would propose that the county staff can work with the city staff and identifying those sections which are different from the city's adopted and we can bring them back next time and vote for adoption. They deal primarily with adding items to the agenda, in between meetings.

>> Mayor Reed: Okay.

>> Vinod Sharma: Things like that. If we can work with the city staff.

>> Mayor Reed: I think that's fine. Why don't we adopt these temporarily today, for today's meeting and understand that we have a chance to adjust them so it works for everybody.

>> Rick Doyle: And Mr. Chair I can represent that we are working with county counsel's staff on some of these ideas. That's a good idea.

>> Mayor Reed: Anybody else have a comment? Okay, so why don't we get a motion to adopt these on a temporary basis until next meeting when we can consider the changes.

>> I make the motion.

>> Second.

>> Mayor Reed: We have the motion to adopt the rules of conduct for the oversight board with the one change that I requested, subject to changes at the next meeting, so it's a temporary approval. All in favor, opposed, none opposed, so rules of conduct we have. Board meeting schedule, this is hard I know. We didn't even get everybody here at the first meeting. Hopefully, we can get this into everybody's schedule, so that we can get everybody here. I would suggest for those of you that don't have alternates that you talk to your organization and see that we -- you can get an alternate appointed. So that we always have somebody filling this spot. Any particular problems with the proposed meeting schedule? The staff is recommending frequent meetings in the beginning and hopefully we'll move to a once-a-month meeting after we get a lot of the work taken care of up front. So April 12th would be our next meeting at 11:00 a.m., probably in here, but we're not quite sure which room we'll use. And of course the meeting schedule is subject to change, but we want to get it out as far as we can, so everybody can build it into their calendars. Any comments? If not, is there a motion? Don?

>> Donald Gage: I have a conflict on one of the dates which is May 10th. I probably can get out of the meetings. I have one at 9:00 and one at 9:30. So I will work on that. But --

>> Mayor Reed: Do you have an alternate?

>> Donald Gage: I don't, but I will find one.

>> Dennis Hawkins: Excuse me, Mr. Mayor.

>> Mayor Reed: Yes, City Clerk.

>> Dennis Hawkins: There is one proposed change, and that is the May 10th meeting. The city council is scheduled to have budget hearings that day. And we would be proposing an alternate date, perhaps May 3rd, instead of May 10th .

>> Mayor Reed: Okay, well as soon as we get the alternate date we need to get it circulated to everybody to find out if we can get a quorum. That takes care of of Don's problem on May 10th.

>> Donald Gage: Yes.

>> Mayor Reed: And supervisor Kniss is joining us. So before we approve the calendar, let's go back and get the oath of office, unless you have already done that, supervisor Kniss, welcome. I think we'll get the clerk just to go ahead and administer the oath of office. And there should be a form there for you to sign. Okay.

>> Dennis Hawkins: If I could ask supervisor Kniss to stand for the oath. And I believe there's a copy if you care to refer to it.

>> You will just read it?

>> Dennis Hawkins: That's fine.

>> I Liz Kniss do solemnly swear that I'll support the constitution of the United States and the constitution of the state of California, against all enemies foreign and domestic, I'll bear true faith to the constitution of the United States and the constitution of the state of California, that I take this obligation freely without any mental reservation or purpose of evasion, that I will well and fatefully discharge the duties upon which I am about to enter.

>> Mayor Reed: Back to where we were. Supervisor Kniss we were talking about the meeting schedule so we could work it into our busy schedules. And there's a May 10th is already out. As a date because city council's meeting in a budget session at that time. So we think May 3rd may be a substitute.

>> Dennis Hawkins: That's correct, Mr. Mayor.

>> Mayor Reed: We'll circulate that to people as soon as we can, so April 12th, 26th, and May 24th, and June 7th, and June 28th are the ones we're contemplating today. Any other comments or questions on those? Supervisor Gage did you have something? Okay. So -- (inaudible)

>> Mayor Reed: Okay. Right so --

>> I can't commit to his date.

>> Mayor Reed: All right, we'll have to work directly with the members who are not here, of course, to do that.

>> Dennis Hawkins: We'll do so, Mr. Mayor.

>> Mayor Reed: Okay. All right so can we get a motion on the meeting schedule?

>> Move we adopt the revised schedule.

>> Mayor Reed: Motion is to approve the revised schedule. Any discussion further? All in favor uh? Opposed? We have none opposed so that's the meeting schedule of course subject to change if we can't get a quorum we'll have to do something differently. Next item is the conflict of interest code. Which we've had a draft circulated, City Attorney did you want to comment on that?

>> Rick Doyle: A copy of the resolution is in your packet. This is required under state law, the political reform act. There is going to be -- there is one change, and that's in paragraph 4, that the -- once the conflict of interest code is adopted by this body, it is to be sent to the reviewing body. And we've listed the county Board of

Supervisors as the reviewing body. In conversations back and forth with county counsel, we've determined it's the city council of the City of San José, and so we'll -- with that change, the resolution is as presented in the packet.

>> Can you tell me exactly where you are?

>> Rick Doyle: If you take a look at A-3, and 6-A-3, actually A-4, adoption of a conflict of interest code.

>> Mayor Reed: Well, let's see if everybody can find a copy of it.

>> Okay.

>> Rick Doyle: It's right after the calendar. The list of meeting dates.

>> Mayor Reed: Okay, we're still having some trouble finding it. What does it look like?

>> This is it?

>> Rick Doyle: It's a resolution.

>> Mayor Reed: Resolution form?

>> Rick Doyle: Right. And on page -- I'm looking specifically at page 3 of the resolution. Paragraph 4. And where it says that staff is directed to submit the conflict of interest code to the Santa Clara County Board of Supervisors. That will say the San José city council.

>> And how do you want me to address questions to you? Or to the mayor?

>> Rick Doyle: Through the chair, that's the chair's call.

>> Through the chair then.

>> Mayor Reed: Supervisor Kniss.

>> Supervisor Kniss: Didn't I push it?

>> Mayor Reed: You can either push that buttons or wave at me The old fashioned system works.

>> They have a far more sophisticated system at the county, Don. I'm not sure why you want this to be the city instead of the board.

>> Rick Doyle: Because we've had discussions about the law and there's some question as to what the proper code reviewing body. But in conversations with county counsel, they believe it is the City of San José that should be the code reviewing body. And we have come to that agreement.

>> Supervisor Kniss: With our county council?

>> Rick Doyle: Yes.

>> Supervisor Kniss: Our county counsel agrees with this before I vote for it?

>> Rick Doyle: Your counsel is here and they can represent at a as well.

>> Mayor Reed: County counsel.

>> Steve Metro deputy council counsel. We have been in touch with Mr. Doyle and actually I signed up to speak on this but I don't have any need to do so given Mr. Doyle's representations.

>> Supervisor Kniss: All right so we agree with that?

>> We do.

>> Supervisor Kniss: Okay, thank you.

>> Mayor Reed: But of course we'd always appreciate any input from the county Board of Supervisors if they wanted to do that. No issue with that. Any other comments or changes or questions about the resolution? All right, is there a motion to approve?

>> So moved.

>> Mayor Reed: Motion is to approve with the one modification that we just discussed.

>> Second.

>> Mayor Reed: All right, all in favor? Opposed? None in opposition, so that motion carries. Now, I think that's today's sort of administrative items. So now we'll get into more substantive matters. Turn it over to Richard Keith for his presentation.

>> Donald Gage: I had one question.

>> Mayor Reed: Don.

>> Donald Gage: I don't see it on here. At the Morgan Hill RDA last night, they required a 700 form. And do we need that here, and if so, will you provide that to us, or do we not need it, I wasn't sure.

>> Rick Doyle: You do need it and we'll be providing it to each of you.

>> Mayor Reed: That is the upon taking office form and it's due within seven days of today.

>> Donald Gage: I haven't got it.

>> Rick Doyle: We'll get it to you.

>> Donald Gage: Thank you.

>> Mayor Reed: Anything else in administrative issues before we move into the substance? And we will bring back the rules of procedure next time. All right, are Richard Keith.

>> Richard Keit: Thank you chair. We have a presentation that includes item 6 B, C and D. So as we move forward through the presentation. After item D you'll have an opportunity to ask questions on any part of the presentation. So thank you in advance. The San José Redevelopment Agency, .compassed a huge area and a central focus for the City of San José. I think the county of Santa Clara and even the South Bay region. This map shows the extent of redevelopment and our efforts over the last 56 years to improve the city and the region. The purple area --

>> Mayor Reed: Let me just make sure everybody ups how to get the video up on their monitor.

>> Richard Keit: I will wait. Does everyone have the video up?

>> Mayor Reed: Any issues with it? Okay.

>> Richard Keit: We're good to go? Okay. The purple areas are industrial areas. And they're prime tax increment producing areas over the years. Rincon is known as the innovation triangle, the golden triangle and one of the

most successful industrial parks in the nation. The light blue area is our neighborhood business districts. And we -- there are seven of those that typical urban form spoke out from the center city. And have been an important part of the Redevelopment Agency's improvements to enhance commercial districts throughout the City of San José that had economic and physical blight. We had one neighborhood business cluster, it's a very small area with six noncontiguous blighted shopping centers that we helped improve over the years. The largest green area was I think the largest redevelopment area in the state geographically. It was our strong neighborhoods initiative that we did ten years ago that really affected and impacted our most neighborhoods in need of redevelopment. Concentrating on residential development and of course some commercial development that was located within those strong neighborhoods. It created a real sense of citizen participation throughout the city. Lastly is our relatively small downtown where we have several project areas that also were critical to tax increment generation. I will do a brief time line of redevelopment. The state created redevelopment, the community redevelopment laws adopted in 1951 with the City of San José adopting in 1956, lasting 56 years, to dissolution this year. In 1976, the housing set aside requirement was enacted requiring 20% be used for affordable housing programs. In 1980, the city merged all its project area so those areas with tax increment and those that did not collect tax increment could use the tax increment funding pool so we could improve areas throughout the city. In '81 there was a county pass-through agreement. In 1988, the housing department was established, our affordable housing program became large enough and important enough to have -- be its own entity, and prior to that, it was the division of the city Redevelopment Agency. In 1993, assembly bill 1290 was passed and that was a critical reform bill that sent -- established time limits to project areas. And created pass-through payments to various entities. Currently, we pass through \$1.5 million under that provision to 12 entities and they include six school districts, two community college districts, and several other taxing entities. Including the county Board of Education. During that period of the '80s and early '90s our focus on the Redevelopment Agency was on downtown. And I'll get into that in a little bit more detail in a minute. And then as I indicated with the strong neighborhoods and our neighborhood business districts, thereafter became a more detailed focus on neighborhoods, although we never stopped improvements to downtown and our industrial areas. In 2002, it's not on there, the first ERAF payments, the educational revenue augmentation fund, and you'll hear a lot about ERAF and CRAF payments at this meeting and in subsequent meetings of the oversight board. That's when it began, in

2002. The 2005 and -- the 2002 -- I'm sorry. The 2005 and 2009 as indicated on the table, on the time line, are ERAF and CRAF payments that tell have debt from making those payments through to the state, through the county. Over 18 years we have paid \$155 million in ERAF and CRAF payments and just in the last nine years \$136 million, so we are talking about a substantial amount of money that was passed on. And then as of February 1st, as we're aware, the dissolution of the redevelopment agencies throughout the State of California and hence the necessity of this oversight board. Real quickly, although this says 50 years, much of the area in red to our downtown and the projects listed are very small. But you can see the extent of redevelopment activity, whether it was to improve public buildings, private incentives, or public infrastructure for our downtown. And that each of these parcels had some actions by the Redevelopment Agency and some funding associated with those actions. And this of course is what downtown looks like today. Just quickly going over some projects. We've created 63 million square feet of office space, primarily in Rincon, Edenvale, our South industrial area, Rincon our North industrial area I mentioned before, and in our downtown. I think we're certainly the leader in low and moderate income housing in the Bay Area, and probably in the state, creating almost 22,000 units. Our public facilities and infrastructure extend not only into the downtown but we've helped fund the transit mall and highways 85 and 87 which provided a regional benefit and of course a benefit to San José to get people in and out of downtown. Our public facilities include the valley medical center, the San José arena, the convention center, the museums including the museum of art, the tech, and the children's discovery museum. Numerous parks, numerous libraries, including a joint effort with the state -- San José State on the King library. And then of course theaters throughout downtown. And in the neighborhoods. We've funded school facilities. We paid for a building, Horace Mann school right across the street from City Hall here. We've helped Washington school, Hester, James Lick and Darley and O. B. Waley, to name a few. And both I and the city manager, executive officer Deb Figone mentioned, the \$4 billion investment we made, and we have outstanding enforceable obligations, and that includes our affordable housing development. I'll now turn it over to Patty Deignan who will go into some of the legal aspects of the simply bill and thank you, Patty.

>> Patricia Deignan: Thanks, Richard. So that's a little bit of the background of redevelopment in San José. And now, as of February 1, we are in a new phase. And that's the dissolution phase. So assembly bill X 126 does five main things. It dissolves the redevelopment agencies. It designates successor agencies to wind down the estate of

the former agency. And I want to emphasize the winding-down of the estate, because Richard made this analogy, I'm going to continue it throughout my presentation here. It's very helpful to think of the process we are going to be going through as a probate. The assets and the liabilities of the former Redevelopment Agency are going to be wound down, and you are going to be the trustees of that, overseeing that winding-down process. The bill also designates oversight boards to direct and approve that winding-down process. Authorizes additional review by the state Department of Finance and the state controller. And we'll go into that more detail in a bit. And also provides for a separate treatment of housing assets and functions. And I want to give a little bit of background on the housing assets, because it -- this issue kind of defines what you'll be responsible for and what you're not responsible for. So the prior law required, as Richard mentioned, a 20% set-aside of the tax increment coming in. Uh oh, oh dear, sorry about that. So the tax increment coming in since 1979, 20% of it was required to be set aside and used only for low and moderate income housing. And in San José, since 1988, that pot of money had been administered by the city housing department. Bonds were sold, secured by those 20% funds, you'll hear more about that again later, the moneys were used to purchase land, the moneys were used to make loans for all those 21,000 units that have been built. Under the new law, the legislature tried to preserve some of that housing function. They -- there is no more tax increment coming in, so there's no more new money coming in from tax revenues. But they said that the city can keep the assets of the housing fund. Which would include the land purchased and the loan portfolio. So the city will be administering that. While the enforceable obligations are managed by the successor agency, separately. And only to the extent -- well, let me go back. No more tax increment is coming in except to the extent that it is needed to pay for enforceable obligations. So the -- when the -- we will have to pay debt service on those housing bonds. And then after -- and so that would be managed again by the successor agency but the housing assets will all be transferred to the city, and managed separately. So we're going to go into more of that in a later -- yes, Mr. Gage.

>> Donald Gage: I have a question on those assets. Is there income coming in?

>> Patricia Deignan: There is income coming in on the loan repayments, yes.

>> Donald Gage: And what's the disposition of that?

>> Patricia Deignan: That goes to the city to manage the portfolio.

>> Donald Gage: So could you use it as money to do new housing, or you have to use it to maintain?

>> Patricia Deignan: You can use it -- the money coming in from the loan portfolio can be used for new housing. But there is no more tax increment coming in for new housing.

>> Donald Gage: Thank you.

>> Patricia Deignan: Leslye will be getting into some of that later on as well, whether we have the other item on the agenda for the transfer of the housing assets. So, going back to the estate analogy here. This is an org chart, and kind of a reporting map here, of where the successor agency staff reports through the City Manager to both the successor agency board, which is the city council, and the oversight board. There are things the City Manager as -- the City Manager, as successor agency executive officer, has the same authority under the Muni code and the charter. So for example, she has authority to approve contracts up to \$250,000. If, for some reason, and I can't imagine, but if for some reason you direct that we enter into an agreement that's more than \$250,000, that would have to come back to the successor agency board, the city council, for approval. Land dispositions would have to go back to the city council for approval, as well. Because she does not have in her capacity under the city charter the authority to approve the land dispositions. So there will be some going-up and going-down of recommendations that we foresee. Another example are budgetary items. We would bring those to the city council first, before we would -- for them to recommend to you our admin budget. We've already gone and they've approved the recognized obligation payment schedule which is basically our budget for the next six months. That will be coming to you at the next meeting. So there is kind of up and down between the successor agency board and the oversight board. And -- but I think it's helpful again to think of the successor agency as the administrator of the trust of the estate. And the oversight board as the trustees. So you would be giving direction as to those

main asset disposal payments of obligations. So the successor agency roles and responsibilities, again, I consider the successor agency the administrator of the estate. We will be responsible for preparing the recognized obligation schedule and the administrative budget. The ROPS is in your budget. It is an initial ROPS where we -- it is right now being reviewed by outside auditors, pursuant to law. We hope it to come back by your next meeting and you will hopefully be able to take action on it by then. It as I said it basically determines the amount of revenues we'll be receiving to make the payments we need to make in the next six months. The next major responsibility that the successor agency has is to enforce enforceable obligations. We have a lot of contracts out there where there are loans outstanding that we need to collect on, there are disposition and development agreements, where developers owe payment to the agency. So we are responsible for making sure that that occurs. We also need to complete existing projects, if they're required by a contract. Again, under disposition and development agreement, in a lot of cases, we have to provide assistance to the development of the project, in some way or another. We'll be getting into more discussion about that at the third meeting, at your third meeting, about the outstanding projects that are out there that need to be accomplished. There's really only one large one, the rest are at the tail end. But the large one is a downtown residential project in the North San Pedro area. And then of course, we need to dispose of assets. And we're expecting to go through that on the April 26th meeting as well. As you can see, there's a lot to do. And we couldn't all do it at one meeting. So we're trying to do it in an orderly -- bring it to you in an orderly manner. Oh, and then the last thing that we're responsible for doing is to staff the oversight board. So Richard has been taking the lead on that, and the ten employees and the successor agency employees and the several city employees that are working on this are all here to help administer this undertaking.

>> Donald Gage: Quick question on that, because that could get out of hand depending if the board calls the staff directly. How is that going to work, through the board here? If you have requests of staff since they're going to be our support?

>> Mayor Reed: I think those should go through the City Manager.

>> Donald Gage: Okay so we should call Debra and then ask for that?

>> Mayor Reed: She can manage the people that need to get the information. Plus in addition, I think we would -- if we give information to a board member we want to make sure everybody else gets it. And Deb will make sure everybody is in on the loop.

>> Donald Gage: Cool, thank you.

>> Patricia Deignan: Okay so the bill recognizes --

>> Supervisor Kniss: While we're on that for a minute Chuck if you could give us some information later, I don't want to spend a lot of time on it anonymity. I don't know who is running the agency. Obviously somebody is running the agency. You have someone there.

>> Mayor Reed: Richard Keith is the --

>> Debra Figone: I think I'm the executive officer.

>> Mayor Reed: Executive officer supervision.

>> Supervisor Kniss: And you have a staff?

>> Richard Keit: That is correct.

>> Supervisor Kniss: How many are on your staff?

>> Richard Keit: We did go over that, there are ten people on staff, eight full time two part time including myself.

>> Supervisor Kniss: Thanks.

>> Mayor Reed: That is supplemented by a lot of people you see here but they're city employees as opposed to agency employees.

>> Patricia Deignan: Okay again going back to the analogy, as trustees of the state you have a fiduciary duty to both the creditors of the state, those who hold enforceable obligations and the taxing entities which are the beneficiaries of the estate. You will see in a couple of minutes that there are a lot of holders of enforceable obligations. There is a priority of obligations, as well. The bond holders have the first priority on repayment. And then, Julia will go through the list of other creditors in priority order. Eventually, this estate will be -- the probate will be over, and it's going to take a while. For example, your -- this board will be in place, the law contemplates this board to be in place for four years, until July of 2006. The estimated taxes --

>> Mayor Reed: 2016.

>> Patricia Deignan: 2016, sorry, yes. Based on our tax flow or tax increment estimates, it will probably take about ten to 15 years before the other taxing entities will see their piece of the estate. And then, the last debt service payment that the agency owes is not going to happen until 2037. So in 2037 it will all be done.

>> Mayor Reed: So in 2016 there will be one oversight agency for all of the whole county, right?

>> Patricia Deignan: Yes. The law contemplates that by 2016 that most of the work can be done and there can be a single oversight board for all of the agencies in the county.

>> Mayor Reed: And Don Gage will probably still be serving, until 2037.

>> Patricia Deignan: At that point, hopefully all you're doing is making sure that the checks get paid to the bond holders.

>> Supervisor Kniss: Just another clarification. On this, then, because you're not going to be giving us any amounts at this point. At some point we're going to see amounts, am I correct?

>> Patricia Deignan: Yes.

>> Supervisor Kniss: Can you give me a general idea -- are you saying 2016 some moneys will go back to other agencies but not until then? So until 2016 you have such --

>> Patricia Deignan: No, probably not for another ten to 15 years will it go back --

>> Supervisor Kniss: Another ten to 15 years before any other agencies will see any, so before the county would see any more money coming in as a result of this decision is 10 to 15 years?

>> Patricia Deignan: Yes.

>> Vinod Sharma: Significant amounts. We are working with the city in developing the waterfalls and also the cash flows, not for the short term but over long term.

>> Supervisor Kniss: I appreciate that, but I really, just to distill it down to its very end product, because that is, you know, we're here because we're concerned about the county. And the others are here because they're concerned about the city. So my intent is simply to find out when -- when does this balance change? And you're really saying in about five years, or no, you're really not saying. You're saying ten or 15 years. You may be dead.

>> Donald Gage: Of course I will be. There's already money that's being turned in, though, right, Vinod, and that money will be redistributed back?

>> Vinod Sharma: It has to be audited, we're in the process of audit that. So I cannot comment on it until the audit is completed, but we'll talk about that when the discussion --

>> Donald Gage: There will be some money coming in before ten years.

>> Patricia Deignan: There will be money coming in through AB 1290, the mandatory pass-throughs to the school districts.

>> Vinod Sharma: And also some money come with fund balances. We have to actually wait until the audit is complete.

>> Donald Gage: I have one question, and it probably is in the future. In going through the documentation I notice there was a lot of loans made.

>> Patricia Deignan: Up hundred, yes.

>> Donald Gage: Some of those loans look like commercial businesses. Some of those loans are being paid but other loans had made a payment. The original loan amount, are there people who are defaulting or do you have to go after them?

>> Patricia Deignan: Richard is going to go into that in a little more detail later, but not very heavy detail later. We plan on bringing the real details back in the third meeting.

>> Donald Gage: I'm fine. I just am curious about that. Thank you.

>> Mayor Reed: One last comment about the future. A lot depends on how well the economy does and what happens to the tax increment. If tax increment starts growing again in a significant manner then all the time frames will shift.

>> Patricia Deignan: That's right. So as a local government entity there are other things that apply to you as well. The Brown Act, the public records act the political reform act. That's where I was going to talk about the form 700. Then the clerk will provide you the form 700 but as member Gage pointed out, you are all going to have to file a new statement, I think it's within 30 days, is it Dennis?

>> Dennis Hawkins: Yes, it is, assuming office within 30 days.

>> Patricia Deignan: Okay acknowledge much today.

>> Vinod Sharma: Hopefully we'll be able to get those forms electronically, that would be helpful.

>> Dennis Hawkins: Absolutely. We have an electronic filing system and we'll provide that to the members as well.

>> Vinod Sharma: Thank you.

>> Patricia Deignan: And the conflict of interest code that you just adopted has you all at the broadest disclosure categories. So you just follow the 700 form. There's no limitations on what you can disclose. The law provides that you all have personal immunity, in conducting your business, as a board member. It also specifically provides that there's no 1099 conflict. The 1099 conflict is the incompatible offices. I think the legislature realized that there would -- you're here by reason of your interest, basically. So they specifically waived that. And as we mentioned before, your term terminates or the board terminates as of July 2016. So your responsibilities under the -- under the act are, basically, to give direction, again, to the successor agencies, and these actions will be brought back to you over the next several meetings, in a way that we think is the most logic. Logical. So for example, you're required to direct us to terminate city agency agreements. Well, under the law for most part the city and agency agreements have been invalidated. And they're not on the ROPS because they are not allowed to be except for some exceptions and we'll go into it when we talk about the ROPS next time. Okay. So we will be coming back to

you in a logical order in the next several meetings, to deal with all of these directions and approvals. The other entities that have been empowered by this legislation are the state Department of Finance, which reviews all of your actions. And because of that, your actions do not take effect for three days. Three business days after you vote. So that the Department of Finance can review those. The county auditor has two main roles. They audit the finances of the former agencies as of dissolution, that is happening right now and we will be getting reports period fiscally over the next several meetings. They have to be finished with their audit by July 1st. And then on an ongoing basis they are also in charge of allocating the revenues to the successor agency and then also among the other taxing entities. And the state controller reviews those actions. So to date the successor agency has taken several actions. The resolutions are in your binders for review if you want to see what we have done so far. We've transferred the assets to the successor -- the 80% assets to the successor agency. The 20% to the city. We've developed the ROPS, established the retirement fund that's required, the redevelopment obligation retirement fund. Reduced staffing levels as Richard had mentioned and cancelled a lot of contracts in the last year or so. And with that I'm going to hand it over to Julia to go over the financial and fiscal overview.

>> Mayor Reed: Let me just stop there for a second and talk about the schedule, the agenda and the timing. I don't know how long it's going to take to get through the presentation but there are some actions I believe we kind of need to take today on the three housing projects, is that correct?

>> Debra Figone: Yes.

>> Mayor Reed: I don't want to lose our quorum before we get around to taking action. So you may want to think about shortening the presentation or shifting the order or something, because I think we need to be done by 12:00. (inaudible)

>> Mayor Reed: So I'm really eager to go to the dentists.

>> Julia Cooper: If you would like, Mayor, we can go to those action items and then come back to the rest of the presentation, if you think that would work better.

>> Mayor Reed: Let's see how comfortable the board is with moving those action items without going through the preliminary stuff, and if we can, we can at least get those action items out of the way so that we don't have to worry about these three housing projects hanging out there for another couple of weeks or three weeks or whenever the next meeting is. So is that okay with the board to at least have the presentation on the three action items and then if we need to get some additional information before we take action we can could that. Okay, why don't we do that.

>> Leslye Corsiglia: So members of the board, Leslye Corsiglia director of housing. I'm going to speak to item E on your agenda which is to adopt resolutions acknowledging transfer of housing assets to the City of San José. And three specific projects. We will be coming back to you at a later date with a more comprehensive list of the assets that were transferred. But as mentioned, a couple of times so far in the presentation, the law envisions that the housing assets are transferred to the successor housing agency. Which in our case is the city. And also, as mentioned, the city has actually, through a cooperation agreement administered the 20% affordable housing program since 1988. So in effect the assets were there with the city, although we took the formal action of transferring. On January 24th, the city council and the redevelopment board and the successor agency all took various actions and one of those was to transfer the housing assets. One of the things that is not really surprising with the legislation because it's very long, comprehensive and detailed, is that there's some confusion about how to administer parts and how to determine what the actions are in the legislation. One of those areas that's been of concern, that's come up statewide, is with title companies. And title companies are concerned whether or not the transfer of assets provision is that clear. And they've really -- what we've decided to do in working with title companies is, to get the oversight board's action that they, in effect, acknowledge that these transfers were made, so that that gives the title companies some confidence that they are protected. We've brought these three projects forward today because these projects are closing. So these are projects that have been in the works for some time. And we need to meet deadlines, state deadlines, to close these projects so they can get their financing and they can move forward with construction. So we're asking for you today to take action to approve or to acknowledge the transfer of these assets. And then we will pass that along to the title companies and hopefully, these projects can get started and we can, in 18 months, celebrate the opening of these projects. So with that, just asking for your approval.

>> Mayor Reed: Okay, so on these assets does the board want to have more of the preliminary information before we take up this item? I want to at least get it presented. Don.

>> Donald Gage: I just have a question. When we have these presentations it's nice to have the presentation before us here.

>> Mayor Reed: Slide deck?

>> Donald Gage: Slide deck. So if that could be possible in the future, it works out better if you're looking at it.

>> Patricia Deignan: I believe that they should have been passed out.

>> Donald Gage: I have part of it here but I don't have it all.

>> Rick Doyle: If the system works, it's this specific presentation you're talking about. This transfer of assets.

>> Donald Gage: Not in here, right.

>> It's in a folder.

>> The assets we're talking about. These are the three apartment complexes. The Mayfair court, Rosemary family apartments and Rosemary senior apartments?

>> Leslye Corsiglia: That's correct. Those are the three projects that will be apartment complexes, once built, yes.

>> But those are the three assets you're talking about?

>> Leslye Corsiglia: Those are the three.

>> Donald Gage: Thank you.

>> Vinod Sharma: I have some questions. The county auditor controller has engaged audit firms to audit the assets of the Redevelopment Agency including the housing funds. Has that already been completed on these items? These three items?

>> We don't believe that that audit has been completed. However, these are not assets of the agency but assets of the city. They're loans held in the city's name.

>> Vinod Sharma: I understand that, but the auditor-controller is still auditing everything, and this is one of those items. I understand in the interest of the business to have to carry on, that certain transactions need to be approved by the board. My only request to the chair is that this approval be amended slightly to say that in the future any more items coming to the board for approval of similar transactions, they, the county and the city staff work together to make sure the audit is done before July. If those transactions come, if not, if -- basically, the bottom line is, the audit should be completed, everything should be done beforehand, before they come to this forum for discussion or approval. These are okay, for the timing, because there's a business need, I can understand that. But going forward, that's a request of the chair.

>> Mayor Reed: Okay, I think we can do that, Leslye did you --

>> Leslye Corsiglia: No, that's fine. If anything else would come up we would work with you on. But these are the ones we know about right now. So I think we can -- the other ones will work with us waiting.

>> Mayor Reed: Any other questions on these, or any other information --

>> Supervisor Kniss: I'm sure you're aware that I would agree with Vinod.

>> Mayor Reed: I think we probably have no problem with all of us agreeing with that, as we work our way through this pile. Anything else on this? Is there a motion to approve then?

>> Norberto Duenas: Motion to approve, acknowledging the transfer of the housing assets to the City of San José, and then would include Vinod's request.

>> Mayor Reed: Okay, we have a motion to approve the recommendation on this knowing that there's a lot that will come in later meetings. On the motion, all in favor? Opposed, none opposed, that's approved. That's the action we needed to take today. Then we can go back into the overview section starting with the fiscal.

>> Vinod Sharma: Mr. Mayor, you said there were three items.

>> Mayor Reed: Three projects in one item, I think, unless I'm wrong in this I think I was referring to what we just did. As far as I know, that's all we needed to do today. Nobody's contradicting me on that, so that was it.

>> Vinod Sharma: But we'll talk about the future items later.

>> Mayor Reed: Yeah, and there are a lot of those and there's a work plan and everything else.

>> Julia Cooper: Good morning, Julia Cooper, acting director of finance for the city. I'm on slide 17, and what I'm showing here is kind of a fiscal overview of the Redevelopment Agency tax increment collections going back to 1990. The yellow line is the base tax share, and then the blue is -- everything above the blue is the tax increment money that's been passed to the Redevelopment Agency. For fiscal year 2011-12 the assessed value in the project area has declined from 18.5 billion to 18.2 billion, which is just under a with 2% decline. And our gross tax increment as a result declined from 184.5 million to 184 million, which is a little over 2% decline. This obviously

impacts the ability for the Redevelopment Agency to pay and meet all of the its enforceable obligations which I will discuss in a moment. In next slide here provides an overview of the debt profile for the Redevelopment Agency on the 80% side. As we talked about, a little bit earlier with Patty, that the buckets are kind of split into two big buckets. One is the 80% and the second is the 20%. So in terms of looking at the 80% obligations the largest point here is the blue which is the senior obligations, \$1 many 7 billion, which has first lien on all tax increment coming in. The next piece that comes into play is, we have a subordinate piece with a variable rate debt which has a letter of credit debt secured by J.P. Morgan that expires shortly. So we'll be talking in a little more detail about that. In addition we have ERAF loans that have a pledge to city property tax revenue, in the event there's insufficient tax increment. We have HUD Section 108 loans which have a pledge to CDBG money if there's insufficient revenue, and then we have financing for the convention center and the fourth street garage which have recourse back to the City's General Fund if there's insufficient tax increment revenue.

>> Mayor Reed: Supervisor.

>> Donald Gage: Yeah, do you have projects where you have joint partnerships, maybe public-private, where you shared a housing project for example? And you're closing all these out, what happens to the other entity?

>> Leslye Corsiglia: On -- the housing projects we're not closing. So I want to make sure that you understand, on the house piece, that they will continue on and the city will administer for the full 55 years. So we definitely have partnerships on those projects. On the agency side, I'll let Richard answer that, because that's a little bit different, you are winding down those agreements.

>> Richard Keit: Board member, we do have projects, and we'll get into those at another time, but that have revenue generation, but they are all pegged to different triggers, whether it be employment of a company with an incentive, or all different triggers that go on that we would eventually generate revenue. Sometimes it's pegged for profitability of that entity. If there wasn't a net profit we wouldn't see any revenue Congress in. But we will delineate that for you at future meetings and explain which ones we think may be legitimate revenue sources over the near term and then the long term.

>> Donald Gage: Thank you.

>> Julia Cooper: The next slide here shows the breakup of the tax allocation debt, this outstanding secured by the 20% set aside. They have about \$247 million of housing tax allocation bonds with the senior lien, and then a little over \$90 million of a subordinate private placement with Wells Fargo that has an expiration date or a put in 2013. In terms of looking at the subordinate obligations as I showed on earlier slides we have the J.P. Morgan letter of credit that supports 96.8 million of variable rate debt. It expires on July 1st of this year. On October of last year J.P. Morgan extended that letter of credit to this date. The short tenure of that letter of credit was largely the uncertainty associated with the legislation. So now that we are in the wind-down phase we've started our negotiation process with J.P. Morgan seeking another extension of that letter of credit, hopefully for longer than several months. In terms of our time line for renewing, by next week, we will be sending our request for an extension and by May 1st they need to provide us with a response. And by June 15th of this year we will have a mandatory tender date if the letter of credit is not extended or there's no other alternative put in place, which means \$96 million is due and payable on demand at that time. So it's very important for us to work with J.P. Morgan and bring back any amendments to existing agreements to the successor agency and the oversight board for approval.

>> Mayor Reed: You might just mention how long we have been doing this dance with J.P. Morgan on a regular basis.

>> Julia Cooper: We have had the letters of credit in place since 1996, and these short-term things have been kind of in place for the last several years. But we have a long-term relationship with J.P. Morgan and they have been very cooperative and work very closely with the city. We have other relationships with them, on the city side, at the airport, and on the general fund side. So they have a lot of credit exposure to the city and are interested in continuing to work with us in a very proactive way. On the housing side, we have a Wells Fargo private placement of 90-plus million dollars, and in that case it is a direct placement with Wells Fargo, and they have an option to tender in April of 2013. So we have already started dialogues with them in terms of thinking about what the options

may be with respect to that transaction. This next chart right here just provides the annual debt service that's payable from tax increment revenues. It is a little bit busy, but just to kind of give you orientation, the biggest piece, the blue, that is the senior 80% debt services obligations, which is the largest piece, and goes as Patty mentioned all the way out to 2037 until it's finally paid off. We also showed that we have debt to the California statewide communities development authority, which we did our ERAF loans, which Richard mentioned earlier, and those have a lien against the city's general property tax revenue, to the extent that there is insufficient tax increment revenue. They're shown in what color, purple. And then we have a HUD section 108 loan, which is shown in red. The final maturity for that is 2026, and as I mentioned, that has a lien to CDBG funding in the event there's insufficient revenue. Our convention center project, it was issued -- it's been refunded several times, and we are hoping to do some look to see if we can do another refunding to help create some additional savings. It's shown in orange on the graph, and once again, if there's insufficient revenue, the city's general fund is obligated to pick up the difference. And its final maturity is 2023. And finally, we have the fourth street garage, which is just adjacent here. We worked with the agency on that project in 2001, and once again, insufficient revenue. There's a pledge shown in pink and its final maturity is 2027. In terms of the flow of funds, and we'll be going over a lot more detail on the financial issues and the numbers and the math and how this all comes together, and the ROPS and the waterfall, all these fun new acronyms. At the April 4th meeting, general overview to get you thinking, but in terms of the flow of funds, looking at the priority to tax increment we have the county administration fee and then county pass-through obligations then the senior debt --

>> Mayor Reed: Julia, can you adjust the microphones? Sometimes it's cutting out. I don't know why.

>> Sure, okay. We had the senior debt and related cost, then the junior debt which is the J.P. Morgan piece, then we have enforceable obligations and other loans, loans to the housing fund, and then successor agency administration and other loans. Back up under those enforceable obligations and other loans, that's probably where we start to see the convention center and the fourth street garage and those kinds of issues falling after the J.P. Morgan. And then, kind of going back to the issue of when does money start to fall out through the waterfall, with respect to being able to be distributed to other taxing entities, this is kind of a snapshot in time going through 2018, what we're seeing based on our projection of tax increment revenue and the obligation we know we have

outstanding with respect to our debt service. As you can see, looking at fiscal year 2013, which is the next year's fiscal year, you can look at the chart and you can see if you just kind of build up from the bottom, we have the pass-through obligations and that would include in that bucket right there the purple piece also the housing set aside. And then the orange piece is all the senior debt service that is for the Redevelopment Agency. And then the yellow would be the subordinate debt obligations which is our J.P. Morgan. And next we have our bond administration fees, the payments to the trustee, the letter of credit fee, we have to pay to others to help administer our debt. We have the fourth street garage and the ERAF, and the line that is the total revenue available you can see we don't even get to the top of the green line in 2013. And then the red piece are other obligations. Those would be contractual obligations still in place, city administration fees and things like that. We are not projecting just based on the bucket of money we have until 2018 that there's any additional revenue that's available. But then we still have CRAF loan repayments which we see starting in 2018 and they go out from that and basically there's \$70 million plus plus interests that were made to the loan to the housing fund, made from the housing fund to the Redevelopment Agency to make those CRAF payments and those need to be repaid. So basically our waterfall shows that all surplus revenue until those are paid are going to pay those CRAF payments. So as I mentioned on April 12th we'll have a much more engaging conversation about how this all works but this is to give you an idea of where we're at. With that I'll turn it back over to Richard.

>> Vinod Sharma: Julia, just one question.

>> Julia Cooper: Yes.

>> Vinod Sharma: On the waterfalls, on the 12th, the commission -- that's coming to the board, that's something that the city staff would have worked with the count or the controller's finance team?

>> Julia Cooper: Yes.

>> Vinod Sharma: Thank you.

>> Richard Keit: Just a real quick review and I'll use Julia's term. On the 26th of April we'll have an engaging conversation on assets. Just as an overview, we have 34 real estate assets that the successor agency owns. Two of those sites are under contract and 18 are encumbered properties. Meaning they have liens with the county. And J.P. Morgan. So there's 19 sites that, getting back to the supervisor's question that could bring potential revenue to the county pop sale, and that's some negotiations we're going to have to do with the county staff. We have eight properties that are in the public realm that literally are in the public right-of-way that we -- the assumption is, the city would take over. But we'll certainly discuss those with the oversight board. And we have six properties that are currently 100% under agency control that we hope to sell in the near future, and after the April 26th meeting, we'll probably ask direction to move those forward for sale in a formal solicitation process.

>> Vinod Sharma: Just one comment. We refrain from money coming to the county. Money would be going to all jurisdictions. If there is any surplus money. And that would be the responsibility of my office, Mr. Mayor.

>> Richard Keit: Would I defer to the attorneys but I think these are actual -- you're correct in part and then some money would be going to the county, correct?

>> Vinod Sharma: Are you talking about the pass-through?

>> No, he's talking now about real property we own. The county has a lien on various properties, so does J.P. Morgan. And so there's no --

>> Vinod Sharma: I understand.

>> We would have to work out between the parties, once those properties sell where those assets -- how the money flows.

>> Mayor Reed: There is a fine distinction, that if there's excess funds that flow through, that gets divided among multiple agencies. Not just the county.

>> Richard Keit: Correct, thank you. Quickly, to go an overview of our assets, accounts receivable. We have 45 loans that are outstanding. That board member Gage I think was alluding to in part. They are small business loans, commercial loans, historic house, we had a first time home buyers program and a rehab program. These loans total very little money, if you look at our total portfolio. But every dollar helps in both paying off our debt. We also have eight revenue participation agreements. Some of those are residential hotel and downtown commercial. Last item is, again, a reiteration of what we've been saying all along. We really will go into great detail on April 12th.

That whole meeting is dedicated to financing and making the board comfortable with that part of our activity, and then on April 26th, we'll certainly review all our real estate assets, ongoing projects, loans and moving forward on how to best achieve the greatest income we can get from disposition of assets. And we'll certainly go over a review of our -- any outstanding loans that are due and payable to the successor agency. With that, we conclude the presentation and open it up to any questions you might have regarding any items we've spoke to today.

>> Mayor Reed: Vinod.

>> Donald Gage: I had one on a follow-up. When you had joint ownership and you want to sell the asset, I don't -- I mean I'm concerned that you sell your share and then whoever, whether the county, or J.P. Morgan owns it, they're stuck with the rest of it. And how are you going to assure that that's going to be a mutual thing? Because some of those properties may take a loss because of the downturn in the economy.

>> Rick Doyle: Board member Gage, specifically with respect to the properties that J.P. Morgan and the county have an interest in, it's a deed of trust. So it really, they share in any proceeds. It's not as if there is going to be any remaining owners of the property. So it's not an ownership interest. They have security in the property. So as part of the amounts that we owe to J.P. Morgan and past amounts ode to the county.

>> Donald Gage: Thank you.

>> Mayor Reed: Okay, anybody else has any questions on any of the stuff that we've covered before we get to the work plan which is the next item on did agenda. Okay.

>> Richard Keit: Right, correct, chair. Mr. Chair. The work plan is a fluid document that we intend to bring back to the board and update, as we present every agenda. Again, the specific -- I'm not going to take the time to go through it. It's perfectly readable and legible by date. Again it brings back those two important meetings, and we just -- hopefully you can attend those meetings on the 12th and 26th that really get at finance and assets, and we'll be updating that as time goes on. And we'll ask for your approval of the work plan today.

>> Mayor Reed: Okay, on the work plan?

>> Vinod Sharma: I will be sending to the clerk's office some of those amendments to the agenda or the work plan which primarily includes certain standing reports that should come primarily finance-related on every meeting. If there is something to report on those items. And also, a report on the uncommitted, unencumbered fund balances, if there is any. And those two, I'm going to send the list to the Clerk's office and then to that, out to the board members.

>> Mayor Reed: Okay, good. Do we have enough work? Can we think of some more things to do? I think there's plenty of work here for the -- for certainly in the short run. So we'll obviously have to amend this work plan from time to time, because we're going to take some things off of it periodically. But there's plenty more behind us. So if this is probably good enough for today. Is there a motion to approve the work plan? All right, we have a motion to proof the work plan. Did anybody want to speak on the work plan? All right, on that motion, all in favor? Opposed? None opposed, approves the work plan.

>> Dennis Hawkins: Excuse me, Mr. Mayor.

>> Mayor Reed: Yes.

>> Dennis Hawkins: We didn't hear who made the motion and second.

>> Mayor Reed: Second by board member Gage.

>> Dennis Hawkins: Thank you very much.

>> Mayor Reed: We have another category called regular reports which is the monthly financial statements audit status, work plan status, that is a standing item, anything more to report on those other than what we already heard?

>> Richard Keit: No, that's correct. Except the audit status, it was mentioned the audit firm hired by the county is currently fully engaged and in the successor agency offices every day and hopes to complete that first part of the audit so the ROPS can be certified in time.

>> Mayor Reed: And the time frame on that? Have they given us an estimate?

>> Vinod Sharma: Our understanding is that the field work should be completed by the end of this month. But completion of field work is just the first step. Then the city staff has to work with the audit firm to make sure, if there are any questions that could be answered, and those items could be removed. So I'm looking at the report coming to the auditor-controller sometime in the first week in April and then we can agendize it afterwards.

>> Mayor Reed: Do we have a statutory deadline that we have to work --

>> Vinod Sharma: April 15th is the deadline.

>> Yes, April 15th.

>> Vinod Sharma: We get two days extra because of holiday.

>> Mayor Reed: Anything else on the regular reports? I think we're down to the public comment. I have no requests from the milk to speak. If anybody wants to speak now would be did time to do that for anything that was on the agenda or anything else. If not, it looks like we're done so we're going to adjourn. See you all April 12th, 11:00 a.m. is the next scheduled meeting. Thank you all. We appreciate everybody's work. This is getting up to speed is going to take a while but I'm sure we'll do it.