



REDEVELOPMENT AGENCY BOARD

MINUTES

DECEMBER 15, 2009

PETE CONSTANT
ASH KALRA
SAM T. LICCARDO
KANSEN CHU
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

CHUCK REED – CHAIR

PIERLUIGI OLIVERIO
MADISON P. NGUYEN
ROSE HERRERA
JUDY CHIRCO
NANCY PYLE

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT 10

Call to Order and Roll Call

9:30 a.m. - Closed Session, Council Chambers Conference Room W133

Absent: None

5:04 p.m. - Regular Session, Council Chambers, City Hall

Absent: None

- Open Forum
- Closed Session Report
None.
- Orders of the Day
The Orders of the Day were approved. (11-0)

1 CEREMONIAL ITEMS

None

2 CONSENT CALENDAR

2.1 Report of the Public Safety, Finance and Strategic Support Committee – November 19, 2009.

Boardmember Nguyen, Chairperson

(C)(1) Acceptance of the Redevelopment Agency Monthly Financial Reports for
September 2009.

(D)(5)(c) Approval of the Comprehensive Annual Financial Report (CAFR) for
Fiscal Year 2008–2009, ending June 30, 2009.

Documents Filed: Report of the Public Safety, Finance and Strategic Support
Committee meeting of November 19, 2009, with the Agency's Monthly Financial
Reports for September 2009, and the CAFR for FY 2008-09 attached.

Action: The Public Safety, Finance and Strategic Support Committee report and
actions of November 19, 2009, were accepted. (11-0)

3 GENERAL

None

4 NEIGHBORHOOD IMPROVEMENT STRATEGIES

None

5 HOUSING

None

6 PUBLIC FACILITIES AND SPACES

6.1 Public Hearings on the proposed Five-Year Implementation Plans for the San Jose Redevelopment Project Areas.

Recommendation: Public Hearing and adoption of a resolution approving the 2010 - 2014 Five-Year Implementation Plans for the existing Redevelopment Project Areas, less the Strong Neighborhoods Initiative Redevelopment Project Area, pursuant to Health and Safety Code 33490. CEQA: Not a project.
[MERGED]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 3, 2009, recommending a Public Hearing and adoption of a resolution approving the 2010 - 2014 Five-Year Implementation Plans for the existing Redevelopment Project Areas, less the Strong Neighborhoods Initiative Redevelopment Project Area.

Action: A Public Hearing was held. Resolution No. 5935 was adopted. (11-0)

6.2 Approval of an amendment to the agreement with Gilbane Building Company.

Recommendation: Approval of an amendment to the agreement with Gilbane Building Company for the Convention Center. CEQA: Resolution No. 72767, Use of San Jose Downtown Strategy 2000 FEIR and addenda thereto, File No. PP08-002. **[MERGED]**

Action: Dropped.

7 PRIVATE DEVELOPMENT

None

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

Item 9.1 on the City Council's Agenda pertaining to the "National Basketball Association MOU" was heard and action taken during the Council meeting that began at 1:30 p.m.

The City Council convened at 5:06 p.m. to consider Items 8.1 – 8.5 in a Joint Session.

8.1 Acceptance of the Annual Report of Financial Transactions of Community Redevelopment Agencies.

Recommendation: Adoption of resolutions by the City Council and Redevelopment Agency Board:

- (a) Accepting the Annual Report of Financial Transactions of community redevelopment agencies for FY 2008-09, for the purpose of forwarding the annual report to the State Controller, in accordance with Community Redevelopment Law, Section 33080.1.
- (b) Approving the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statement Performed In Accordance With Government Auditing Standards, as required by Health and Safety Code 33080.1

CEQA: Not a Project. [MERGED]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 8, 2009, recommending adoption of resolutions by the City Council and Redevelopment Agency Board: a) accepting the Annual Report of Financial Transactions of community redevelopment agencies for FY 2008-09, and b) approving the Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statement Performed In Accordance With Government Auditing Standards.

Action: Agency Resolution No. 5936 adopted. Council Resolution No. 75242 adopted. (11-0)

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

8.2 City Council and Redevelopment Agency Board actions related to the FY 2009-2010 Cooperation Agreements between the City and Agency.

Recommendations:

- (a) Adoption of a resolution by the Redevelopment Agency Board approving an amendment to the Redevelopment Agency's FY 2009-10 Adopted Capital Budget, adding \$1,869,741 for City Support Services, and amending the FY 2009-10 Agency appropriations resolution.

- (b) Adoption of resolutions by the City Council and Redevelopment Agency Board authorizing the Executive Director and City Manager to negotiate and execute an amendment to the FY 2009-10 Cooperation Agreement for the Merged Redevelopment Project Area to make payments to the City for January and February 2010 City Services and project expenses.

CEQA: Not a Project. [MERGED]

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes and City Manager Debra Figone, dated December 10, 2009, recommending: a) adoption of a resolution by the Redevelopment Agency Board approving an amendment to the Redevelopment Agency's FY 2009-10 Adopted Capital Budget, adding \$1,869,741 for City Support Services, and amending the FY 2009-10 Agency appropriations resolution; and b) adoption of resolutions by the City Council and Redevelopment Agency Board authorizing the Executive Director and City Manager to negotiate and execute an amendment to the FY 2009-10 Cooperation Agreement for the Merged Redevelopment Project Area.

Action: Agency Resolutions No. 5937 and No. 5938 adopted. Council Resolution No. 75243 adopted. (11-0)

8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Items 8.3 – 8.5 were heard and acted upon together)

8.3 City Council/Redevelopment Agency Board approval of the Mayor's Redevelopment Budget Message.

Recommendation: City Council and Redevelopment Agency Board consideration and approval of the Mayor's Redevelopment Agency Budget Message. (Mayor) [Deferred 12/8/09, Item 8.1]

Documents Filed: Memorandum from Mayor Chuck Reed, dated November 20, 2009, recommending that the Redevelopment Agency Board and City Council approve the proposed FY 2009-10 Agency Capital and Operating Budget and the 2010-2015 Capital Improvement Program with the following limitations: Until the February 2010 mid-year budget review, the Executive Director is directed to: Not make any new commitments for spending on projects out of Capital Expenditures; Not spend any Encumbered/Committed Funds unless contractually obligated to do so; and not enter into any new binding agreements to spend Encumbered/Committed Funds.

Supplemental Memorandum from Mayor Chuck Reed, dated December 11, 2009, recommending approval of the November 20 budget message actions with the following modifications: 1) Defer adoption of the FY 2009-2010 Redevelopment Agency Capital and Operating Budget and 2010-2015 CIP until February 23, 2010, and 2) Approve the Executive Director's recommendations for certain Agency contracts and payments during the interim budget period of December 16, 2009, to February 23, 2010, as detailed in the Executive Director's memorandum dated December 10, 2009; 3) Direct the City Manager to develop a method to fund \$62 million of the SERAF in Year 1 and present that plan through an information memorandum by February 1, 2010. Until any viable alternative borrowing sources have been identified and approved by the City Council, the Housing Department should continue to pursue making a loan of up to \$52 million in Year 1 and \$13 million in Year 2. The plan developed to pay for the SERAF obligation should seek to minimize borrowing costs and avoid any potential long-term negative impacts on the General Fund and ensure that to the extent Housing funds are accessed, the Housing fund is made whole when the SERAF loan is repaid. Defer the decision of how much the City should loan the Agency until February 23, 2010; 4) Direct the City Manager and Executive Director to return to the City Council/Agency Board in 45 days with a recommendation to consider whether or not the timeline of the Convention Center expansion should be accelerated and

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8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

- 8.3 whether advancing funding from Year 4 to Year 2 is viable and necessary. That report should include a description of the proposed expansion project and an outline of how it would be financed along with any recommendations from the Convention Center Expansion Technical Advisory Committee; and 5) Report to the City Council/Agency Board on February 23, 2010, on the status of all City and Agency staff actions to fund SERAF payments, negotiations with the County of Santa Clara, as well as updates on assessed value and tax increment projections, schedule of pipeline projects, and impacts of financial market and economic conditions on the Agency's Capital and Operating budgets.

Supplemental Memorandum from Board members Kalra and Nguyen, dated December 10, 2009, recommending that the Mayor's Budget Message be amended to direct the City Manager and Executive Director prepare an analysis inclusive of the financing options proposed by Team San Jose to initiate the Convention Center expansion during FY 2009-10 as part of the 45-day analysis and amend the Message to: a) initially require a loan from the 20% Housing Fund of no more than \$40 million in Year one, b) accept the Mayor's proposal to use \$10 million in other funds, c) defer final decisions on additional loans from the 20% Housing Fund until February 2010, d) Direct staff to inform the State that the Agency will pay the required amounts on the due dates, e) Direct staff to evaluate other fund sources for the remainder of the obligation (\$12 million in Year One and \$13 million in Year Two) and to include in the evaluation for February the issues of fairness, risk and the cost of borrowing.

Amendment from Board member Liccardo provided at the meeting recommending \$25 million be identified from sources other than the 20% Housing Fund, in addition to the \$10 million recommended by the Mayor, and suggested the following fund source priorities in the following order: 1) Redevelopment Agency Budget, 2) Issuance of Commercial Paper by the City, 3) Borrowing from Fund 539 and Fund 432, 4) temporary loans, with interest paid by the Agency, from Funds 423, 541, 446, 418, and 426.

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8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

8.3 The following members of the public commented on Redevelopment Agency items 8.3, 8.4 and 8.5:

John Southwell, Joe Kirchofer, Bena Chang, Claudia Shope, Bob Brownstein, James Zahradka, Myrtle Ferrande, Josh Lee, Albert C. Roosma, Joshua Barousse, Bill Guthrie, James Silverwood, Uleses Blacutt, Luis Torres, Linda Dittes, Mike Daley, William P. O'Connell, Sandy Perry, Forrest Williams, Rev. Rebecca Kuiken, Enrique Fernandez, Diane Driscoll, Cheryl Pollock, Robert Van Epps, Ben Field, Doug Jones, Kathy Robinson, Maureen O'Malley-Moore, Eddie Reyes, Sal Ventura, Jim Peterson, Josue Garcia, Tamon Norimoto, Stan Taylor, Josh Ende, and Fred Hirsch.

Action: The Mayor's Redevelopment Agency Budget Message, as changed by a substitute motion of Board members Nguyen and Kalra, and further amended by Board member Liccardo, was approved by the City Council. Redevelopment Agency Resolution No. 5953 was adopted. (7-3-1) Noes: Reed, Constant, Oliverio. Absent: Chirco. (Excused)

8.4 Redevelopment Agency Board approval of proposed contracts/payments.

Recommendation: Adoption of resolutions by the Redevelopment Agency Board

- (a) Authorizing the Executive Director to negotiate and execute contracts and make specified payments during the Interim Budget Period) December 16, 2009, through February 23, 2010; and,
- (b) Authorizing the Executive Director negotiate and execute additional operational-related contracts, without additional Board approval, in an amount not to exceed \$10,000 per contract, capped at a cumulative maximum amount of \$100,000 during the Interim Budget Period.
- (c) Approving adjustments to the FY 2009-10 Adopted Capital Budget and amendments to the FY 2009-2010 Agency appropriations resolution.

Documents Filed: Memorandum from Executive Director of Redevelopment Agency Harry S. Mavrogenes, dated December 10, 2009, recommending adoption of a resolution by the Redevelopment Agency Board: a) authorizing the Executive Director to negotiate and execute contracts and make specified payments during the Interim Budget Period) December 16, 2009, through February 23, 2010;

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8 JOINT REDEVELOPMENT AGENCY/COUNCIL

(Cont'd)

- 8.4 b) Authorizing the Executive Director negotiate and execute additional operational-related contracts, without additional Board approval, in an amount not to exceed \$10,000 per contract, capped at a cumulative maximum amount of \$100,000 during the Interim Budget Period; and c) approving adjustments to the FY 2009-10 Adopted Capital Budget and amendments to the FY 2009-2010 Agency appropriations resolution.

Action: Agency Resolution No. 5939 and No. 5940 adopted. (7-3-1) Noes: Reed, Constant, Oliverio. Absent: Chirco. (Excused)

- 8.5 **Approval of the Agency's FY 2009-10 Revised Capital and Operating Budgets and the FY 2010-2015 CIP.**

Recommendations: Redevelopment Agency Board approval of:

- (a) The Redevelopment Agency's Revised FY 2009-2010 Revenue, Capital and Operating Budgets; and,
- (b) The Redevelopment Agency's Capital Improvement Program (CIP) for FY 2010-15.

[Deferred 12/8/09, Item 8.2]

Action: Deferred to February 23, 2010. (7-3-1) Noes: Reed, Constant, Oliverio. Absent: Chirco. (Excused)

The City Council portion of the meeting adjourned at 6:49 p.m.

- **Adjournment**

The Redevelopment Agency Board adjourned at 6:49 p.m.

ATTEST:



HARRY S. MAVROGENES, SECRETARY