MINUTES OF THE CITY OF SANTA CLARA OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF SANTA CLARA REDEVELOPMENT AGENCY FOR REGULAR MEETING HELD ON FRIDAY, MAY 10, 2013

Chairperson Gage called the Oversight Board for Successor Agency to the City of Santa Clara Redevelopment Agency regular meeting to order at 2:00 pm, on the above-mentioned date, in the City Hall Council Chambers.

Present: Mayor of the City of Santa Clara appointees: Gary Ameling, Director of Finance and Jamie L. Matthews, Mayor; Santa Clara County Board of Supervisors appointees: Jane Decker, County of Santa Clara, retired, former Deputy County Executive and John Guthrie, County of Santa Clara, retired, former Director of Finance; Santa Clara Valley Water District (SCVWD) appointee: Don Gage, Board Member; Santa Clara County Board of Education appointee: Micaela Ochoa, Santa Clara County Office of Education, Chief Business Officer; and California Community College District appointee: Edralin Maduli, West Valley-Mission Community College District, Vice Chancellor of Administrative Services.

City staff present: Julio J. Fuentes, City Manager/Successor Agency Executive Officer; Richard Nosky, City Attorney; Alan Kurotori, Assistant City Manager; Angela Kraetsch, Accounting Manager; Bernadette DeSousa, Acting Assistant City Clerk/Successor Agency Clerk; Hilda Cantú Montoy, Outside Legal Counsel to the Oversight Board; and Karen Tiedemann, Legal Counsel, Goldfarb & Lipman, LLC.

Chairperson Gage stated that the Board would adjourn to a Closed Session in the Council Conference Room, at the conclusion of this afternoon's meeting, for a Conference with Legal Counsel (Existing Litigation) pursuant to Government Code Section 54956.9(a), *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al.,* Sacramento County Superior Court Case No. 34-2012-80001192.

MOTION was made by Matthews, seconded and carried with Decker abstaining on all Minutes with the exception of October 26, 2012 and December 21, 2012 (not present at the meetings) that the Board **approve** the **Minutes** for the following meetings: Regular Meetings of May 3, 2012 and July 9, 2012; Adjourned Meeting of July 11, 2012; and Special Meetings of July 18, 2012, July 24, 2012, July 31, 2012, August 9, 2012, August 22, 2012, October 26, 2012 and December 21, 2012. **MOTION** was made by Maduli, seconded and unanimously carried, that the Board **direct** that the Minutes of Board meetings be returned to the Board within 30 days after meetings have occurred.

Chairperson Gage then introduced for discussion the City Manager/Executive Officer to Successor Agency's informational report (05/07/13) regarding the Santa Clara Successor Agency Due Diligence Review for Other Funds pursuant to Health and Safety Code Section 34179.5 and the attached letter (05/07/13) from the County of Santa Clara Finance Agency. The City Manager/Executive Officer stated that the Other Funds Due Diligence Review was completed by Macias, Gini & O'Connell LLP ("MGO") and is presented to the Board for review and open for public comment. Karen Tiedemann, Esq., stated that MGO was hired by the County to prepare the Other Funds Due Diligence Review. She summarized Attachment B to the report entitled

"SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES". She reviewed the dollar amount difference, pursuant to the County, to be remitted to the Auditor-Controller for disbursement to taxing entities of $32,330,410 and, pursuant to the Successor Agency, in the amount of $4,766,529. She reviewed the items in dispute, which included cash for lease revenues from land transferred to the City from 1/1/11 to 1/31/12 ($13,595,129) and from 2/1/12 to 6/30/12 ($5,340,583), cash for leasehold interest lease revenues for Sports and Open Space Authority from 1/1/11 to 6/30/12 ($2,027,717), cash transferred to the Santa Clara Stadium Authority Enterprise Fund ($5,600,000) and remaining unexpended City cash contribution to the former Agency for capital projects ($1,000,452). Benjamin Lau, representing MGO, addressed the Board and answered Board questions regarding MGO's agreement with the County and legal determinations and findings in preparation of the Other Funds Due Diligence Review. A Board discussion followed regarding the Successor Agency submitting to the Board any public records, reports and correspondence received from the State. James Williams, Deputy County Executive, representing the County of Santa Clara, addressed the Board and reviewed the County's determinations of the disputed items. He answered Board questions. Board Member Matthews stated for the record that to deprive the City of police, fire, parks and library services is unjust. Ms. Tiedemann responded to remarks made by Mr. Williams regarding the State's sovereign power and to Chairperson Gage's comments regarding the Board's authority to authorize the Successor Agency to retain assets and funds identified in the due diligence reviews. The City Manager/Successor Agency Executive Officer expressed concern regarding MGO receiving legal advice and direction from the County in auditing the Other Funds Due Diligence Review. Hilda Cantú Montoy, Esq., responded to the concern and indicated that MGO should consult with its own legal counsel. Mr. Lau addressed the Board and answered Board questions regarding MGO's process in preparing audit determinations. He stated that MGO was engaged by the County to prepare the audit. The City Manager/Executive Officer stated that if an independent firm is hired to conduct an audit that the agency engaging the audit should not be directing the auditors through that agency's administrative staff or legal counsel. Ms. Montoy restated her position that MGO should consult with its own legal counsel and, if the Board believes there is an issue of fairness, the Board may request Ms. Tiedemann to submit her interpretations to the auditor. Chairperson Gage requested Ms. Tiedemann to provide input to the auditors. A Board discussion followed. Mr. Lau clarified MGO's procedures used in preparing findings for the audit, which were provided by the State.

The Board set the following Board meetings: Tuesday, June 4, 2013 at 2:00 pm and Tuesday, June 18, 2013 at 2:00 pm. These meetings are in addition to the previously set meeting of June 21, 2013 at 2:00 pm. No action was taken to set Board meetings from July 2013 to December 2013.

A Board discussion followed regarding the Successor Agency providing to the Board correspondence received from the State. The City Attorney stated, for the record, that the Successor Agency has been specifically instructed by the State to not share certain documents. By Board consensus, it was requested that the Successor Agency provide the Board with official correspondence received from the State.

The Board adjourned to a Closed Session in the Council Conference Room for a Conference with Legal Counsel (Existing Litigation) pursuant to Government Code Section 54956.9(a), *Forty Niners SC Stadium Company LLC v. Oversight Board of the Successor Agency to the City of Santa Clara Redevelopment Agency, et al.,* Sacramento County Superior Court Case No. 34-2012-80001192.

The Board reconvened in the City Hall Council Chambers, at the conclusion of the Closed Session, and Chairperson Gage reported that there was no reportable action.

The meeting was adjourned at 3:35 pm to Tuesday, June 4, 2013 at 2:00 pm in the City Hall Council Chambers.

APPROVE: _____
Chairperson

ATTEST: _____
Clerk