

**Berkeley
Redevelopment
Successor Agency**

Time: 4:05 p.m.

**Douglas Fir Room
Permit Service Center
2120 Milvia Street – Berkeley, CA
Secretary – Lourdes Chang, (510) 981-5419**

Approved Minutes of the January 7, 2013 Oversight Board Meeting

All agenda items are for Discussion and Possible Action.

1. Roll Call

Present: Gerhard, Hardaway, Harper and Riddle. Absent: Arreguin, Brooks and Decredico.
Staff Present: Chang and Cosin. Public: Paula Crow from Stein and Lubin.

Vice-Chair Riddle chaired the meeting in the absence of Board Chair Arreguin.

2. Public Comments

There were none.

3. Approval of Agenda

The agenda was approved with recommendation to discuss Item No. 6 (Legal Counsel) before Item No. 5 (Approval of DDR). (M/S/C: Harper/Gerhard. Unanimous)

4. Approval of Minutes of December 17, 2012

A motion to approve the December 17, 2012, minutes was unanimously approved. (M/S/C: Gerhard/Hardaway. Unanimous.)

5. Discussion and Possible Action on Selection of Legal Counsel for Oversight Board (Originally, Item No. 6, changed to Item No. 5)

Staff reported back on information requested by the Board at the last meeting. Staff noted both firms received positive feedback from references, and the follow up calls affirmed the lead counsel's experience and knowledge in AB 26 and AB 1484 and their effectiveness when working with their respective Oversight Boards and with DOF. Both firms confirmed they would work on an as-needed basis. A motion to select and approve Stein and Lubin as legal counsel to the Berkeley Oversight Board was approved unanimously. (M/S/C:

Harper/Gerhard. Unanimous)

6. Approve Results of Due Diligence Review of All Other Unobligated Fund Balances of the Berkeley Redevelopment Successor

Staff provided overview of due diligence review. The Board requested that staff include the listings, or detailed itemized list associated with the tables in each of the Exhibits that requires it. The report summarizes items like notes and grants receivables or capital assets but does not specifically list what those items are. Some Board members noted it would be helpful to have additional or more detailed information on what these categories include. The Board also noted it was confusing that Exhibit 7 & 8 which shows the ROPS III could be confusing to DOF since it includes both housing and non-housing assets. The board recommended that the housing assets be deleted from the ROPS as shown in Exhibits 7 & 8.

A motion to approve the results of the DDR and submit the review to DOF with changes recommended by the Board, such as including the detailed listings in the exhibits and removing the housing assets from the tables referencing the ROPS. (M/S/C: Harper/Hardaway. Unanimous)

7. Information Items

a) Update on DOF Response to the Due Diligence Review (DDR) of the Low Moderate Income Housing Fund Balances

Wendy Cosin discussed and took questions from the Board regarding the report on DOF's response to the Low and Moderate Income Housing Fund DDR. DOF denied one item, "Housing Asset Transfers - Notes and Interest Receivables" in the amount of \$2,359,438, associated with nine affordable housing projects because they were not listed in the Successor Agency's list of Housing Assets. Staff requested a Meet & Confer meeting with DOF to explain eight of the nine loans were not listed in the Housing Assets list since they are loans between the City and the Project Sponsor, not the Redevelopment Agency. In addition, the City did not expect to get repaid on these loans. The one loan, \$135,000 with Savo Island, is a loan between the Redevelopment Agency and the Project Sponsor and staff inadvertently left this off the list of housing assets. Staff will return to the Oversight Board to transfer this asset to the Housing Successor Agency, pending DOF's response at the Meet and Confer meeting.

b) Update on DOF Response to the Meet & Confer Meeting regarding ROPS III - Wendy Cosin reported the DOF continues to disagree with the Successor Agency's position that the *Savo Island Loan Payable*, the loan made by the City of Berkeley Retiree Medical Trust Fund to the former Redevelopment Agency, is an enforceable obligation. The Successor Agency is obligated to make payments on

this loan, which provides actual benefits to retirees. However, the DOF denied the item saying the loan is between the City and the former Redevelopment Agency and is therefore not an enforceable obligation. The Successor Agency is considering its options, including potential lawsuit against the DOF. The second item, the *\$1 Million Bond - City loan*, has not been denied by DOF and the Successor Agency plans to pay off the bond as soon as funds are made available. The board questioned whether staff would need to come back to the Oversight Board to get approval to pay off the bond. It would not be necessary since the \$1 Million Bond was included in the ROPS I, ROPS II and ROPS III which the Oversight Board approved.

8. Announcements

- Next meeting: April 22, 2013

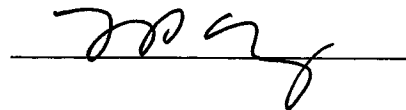
9. Future Agenda Items

- Long-term Property Management Plan

10. Adjourn

The meeting was continued to the next meeting on April 22, 2013. (A motion to close the meeting could not be made due to lack of quorum)

Approved on 02/25/13

 _____, Lourdes Chang, Secretary