



Memorandum

TO: HONORABLE MAYOR
AND SUCCESSOR AGENCY
BOARD

FROM: RICHARD DOYLE
Successor Agency
General Counsel

SUBJECT: First Amendment to Agreement
with Jones Hall, A Professional
Law Corporation

DATE: December 4, 2019

RECOMMENDATION

Adopt a resolution by the Successor Agency Board authorizing the General Counsel to negotiate and execute a first amendment to an agreement with Jones Hall, a Professional Law Corporation for bond counsel services for the Successor Agency on an as-needed basis to increase the compensation by \$70,000 to a total amount not to exceed \$110,000.

OUTCOME

Approval of the agreement with Jones Hall, a Professional Law Corporation ("Jones Hall"), for bond counsel services will allow Jones Hall to continue to represent the Successor Agency on matters related to the Successor Agency's outstanding bonds, including an audit by the Internal Revenue Service ("IRS") of the former Redevelopment Agency's \$240,000,000 principal amount of Merged Area Redevelopment Project Tax Allocation Bonds Series 1999 (the "1999 Bonds").

BACKGROUND

On January 17, 2019, the General Counsel of the Successor Agency executed an agreement with Jones Hall for bond counsel services in connection with the bond related obligations of the Successor Agency on an as-needed basis for a term expiring June 30, 2023 in an amount not to exceed \$40,000. On July 8, 2019, the IRS initiated audits of both the Redevelopment Agency of the City of San Jose Merged Area Project Revenue Bonds Series 1996 Series A and 1996 Series B (the "1996 Bonds") and the 1999 Bonds. The IRS recently notified the Successor Agency that it will not pursue any further action with respect to the 1996 Bonds. However, the IRS audit of the 1999 Bonds is proceeding. Jones Hall is representing the Successor Agency before the IRS with respect to the 1999 Bonds.

ANALYSIS

Jones Hall was selected to represent the Successor Agency in light of its experience representing the Successor Agency and the former Redevelopment Agency with respect to bond issuances as well as other successor agencies in California. In addition to Jones Hall's expertise related to bonds, the firm's attorneys also are familiar with State law requirements governing successor agencies (the "Dissolution Law").

The IRS audit was not anticipated at the time the Successor Agency entered into the agreement with Jones Hall. The level of work involved with the IRS audit will exceed the total compensation of \$40,000 under the current agreement. The purpose of the proposed amendment is to allow Jones Hall to continue to represent the Successor Agency before the IRS in the audit of the 1999 Bonds.

PUBLIC OUTREACH

This memorandum will be posted on the City's website as part of the December 17, 2019 City Council/Successor Agency Agenda.

COST SUMMARY/IMPLICATIONS

In accordance with the requirements of the Dissolution Law, the proposed First Amendment to the Agreement with Jones Hall, with a not to exceed payment of \$110,000, will be added to the Recognized Obligation Payment Schedule for FY 2020-21 for Oversight Board approval in January 2020 and submission to DOF for its review and approval.

CEQA

Not a Project; File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.



RICHARD DOYLE
City Attorney

For questions please contact Danielle Kenealey, Chief Deputy City Attorney, at (408) 535-1900.