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MEMORANDUM

DATE: March 18, 2013
TO: Oakland Oversight Board
FROM: Laurie Gustafson, Board Counsel
RE: Report on Legal Activities and Fees through March 15, 2013 – Item #8

Our legal fees for February 2013 were \$17,328. As of March 15, 2013, our legal fees for March are approximately \$9,000.

The work in February and March relates to the following matters: finalize All Other Funds Due Diligence Review memorandum and alternative Board resolutions regarding the Due Diligence Review; review and analyze City staff reports (more than 50 pages) and underlying documents regarding the proposed retroactive transfers to the City of 34 different properties used for a governmental purpose and properties that the City argues should not be clawed back due to the City's contractual commitments to third parties, conference with the State Controller's Office regarding the proposed transfers, review and analyze issue raised by the City related to use of sale proceeds and revenues from bond-financed property, conference with bond counsel regarding this issue, prepare 16 page detailed memorandum analyzing each of the 34 proposed transfers; analysis regarding the proposed amendment to the Owner Participation Agreement with SKS Broadway LLC to extend development deadlines for the mixed-use project at 1100 Broadway, review and analyze related Parking Garage Purchase and Sale Agreement, correspondence and conferences with Successor Agency staff and counsel regarding the proposed Amendment, and review and analyze supplemental Successor Agency memorandum on the issue; review and analyze Successor Agency Staff Memorandum regarding the resubordination of existing commercial development loan for Swan's Marketplace Project to a new financing; brief review of correspondence from Department of Finance; brief review of ROPS 13-14A; prepare for and attend the February 4 and February 25, 2013 Board meetings, and prepare for the March 18, 2013 Board Meeting.

After consultation with Successor Agency staff, at this time we anticipate the following work in April (one meeting) and May (two meetings) 2013, although we do not know what additional matters might arise:

1. Review and analyze the draft Long Range Property Management Plan; and
2. Prepare for and attend the April 15, May 6 and May 20, 2013 Oversight Board meetings.

To date, our fees (billed and work in progress through March 15, 2013) total approximately \$93,000. The Administrative Budget for the fiscal year July 2012 through June 2013 is currently \$60,000 for Oversight Board legal counsel. (Note: The budget was set before our firm was retained and before anyone knew of all of the matters that would come before the Oversight Board.) After consultation with Successor Agency staff, we propose that the Administrative Budget for the fiscal year July 2012 through June 2013 be adjusted to increase the allocation for fees for Oversight Board legal counsel by \$60,000, for a total of \$120,000. This increase reflects the fact that the average fees per month over the last eight months has been about \$11,000 per month. The need to increase the budget is based on the number of significant and complex matters that the City/Successor Agency has brought before the Oversight Board for its consideration, which have required in-depth legal and factual analysis. Although much of the heavy work is behind us now (the Due Diligence Reviews, the former Army Base matter, numerous proposed property transfers, etc.), we still have more work to do. Staff informs us that there is room in the Administrative Budget to move those funds from another category (the duplicating account) without compromising that account and without increasing the total amount in the Administrative Budget. We are presenting a Resolution to the Board at the March 18, 2013 meeting to approve this increase.