

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA
OVERSIGHT BOARD MINUTES**

Thursday, April 12, 2012 – 2 P.M. to 4 P.M.

**Chase Palm Park Center
236 East Cabrillo Boulevard, Santa Barbara CA 93101**

MEMBERS:

<u> X </u> Brian Fahnestock, Chair , California Community Colleges	<u> X </u> Paul Casey , Former Agency Employee Representative, City of Santa Barbara
<u> X </u> Carolle Van Sande, Vice Chair , Member of the Public	<u> A </u> Meg Jetté , Santa Barbara County Education Office
<u> X </u> Jim Armstrong , City of Santa Barbara	<u> X </u> Chandra Wallar , County of Santa Barbara
<u> X </u> Renee Bahl , Santa Barbara County Flood Control and Water Conservation District	

STAFF:

 X **Stephen Wiley**, City Attorney, City of Santa Barbara

 X **Sarah Knecht**, Assistant City Attorney, City of Santa Barbara

 X **Brian J. Bosse**, Housing Manager, City of Santa Barbara

 X **Marck Aguilar**, Community Development Supervisor, City of Santa Barbara

TELEVISION COVERAGE: None

CHANGES TO THE AGENDA: None

PUBLIC COMMENT: No members of the public requested to speak.

ORDER OF BUSINESS

I. CALL TO ORDER

Meeting was called to order at 2:00 p.m.

A. Welcome and Introductions – Brian J. Bosse

Brian Bosse introduced the Board members and staff.

B. Oath of Office - City of Santa Barbara, City Clerk's Office

The oath of Office was administered by Susan Tschech, Deputy City Clerk

II. APPROVAL OF MINUTES

First meeting of the Oversight Board, no prior minutes.

III. CONSENT CALENDAR

No Items

IV. ITEMS SCHEDULED FOR ACTION/DISCUSSION

A. Administrative Actions

1. Election of Chair and Vice-Chair of the Oversight Board

Motion (Wallar/Bahl): Brian Fahnestock to serve as Chair.

Vote: Unanimous aye vote.

Motion (Bahl/Wallar): Carrolle Van Sande to serve as Vice Chair.

Vote: Unanimous aye vote.

2. Adopt Conflict of Interest Code

Recommendation: That the Oversight Board Adopt A Resolution of the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara approving a Conflict of Interest Code for the Oversight Board and Directing Staff to Submit it to the County Board of Supervisors as the Code Reviewing Body Pursuant to the California Political Reform Act.

Discussion: Chair Fahnestock requested a copy of the City's Conflict of Interest Code. Stephen Wiley explained the City has adopted the State's Conflict of Interest Code.

Action: Approved the recommendation; Resolution No. 001.

3. Form 700

Susan Tschech informed the Board about the Conflict of Interest requirements.

4. Brown Act Overview – Stephen Wiley, City Attorney

Stephen Wiley, City Attorney noted his assumption that the Board Members are familiar with the basics of the Brown Act and identified specific elements including that each agenda subject needs a 25-word description, the City will be responsible for noticing, communication outside of meetings, including email, is covered by Brown Act. The Brown Act not only covers decisions, but also the discussion.

5. AB 1234 – Online Ethics Training (www.fppc.ca.gov/index.php?id=477)

Brian Bosse noted the online information and added that it is not required for uncompensated board members.

B. Review of AB X1 26 and Role of Oversight Board – Stephen Wiley, City Attorney

City Attorney Stephen Wiley distributed information about AB 1X 26 and presented issues associated with hiring an outside counsel for the Oversight Board. It was further recommended that such action be deferred until staff could prepare a report on the matter.

Board Member Wallar stressed that an outside attorney is necessary and it is imperative to form a subcommittee to begin the process.

Board Member Armstrong questioned whether the OB is an entity that has the legal ability to contract with outside counsel. The necessary mechanism for such a contract may require Successor Agency approval.

Motion (Wallar/Bahl): To form a subcommittee to explore obtaining outside counsel with a report at the next meeting.

Vote: Unanimous aye vote. Board Members Bahl and Casey selected to compose the subcommittee and work with Assistant City Attorney Sarah Knecht on the matter.

Stephen Wiley discussed how the State views contracts. Enforceable Obligations, State cannot interfere. Bonds guarantee principal and interest payments for 30 years. State cannot interfere. Cooperative agreements not considered hard enforceable obligation. State Law Mandates are enforceable.

Brian Fahnestock questioned not whether the enforceable obligations are valid, but whose obligations they are.

Stephen Wiley stated that a third party contract would be difficult to break.

Stephen Wiley stated that AB X1 26 is not comprehensive. Staff and the Board will need to navigate their way through to determine the appropriate process and that the Board should produce a written report.

C. Role of the County Auditor-Controller in AB X1 26

Speaker: Robert Geis, County Auditor-Controller.

Statutory role: County provides property taxes for all entities in the County and creates separate trust funds for each former redevelopment agency. The County is also responsible for financial reporting activities to State and Local agencies with the goal of dissolving all outstanding obligations and redistributing all tax increment even affordable housing funds back to those entities.

Board Member Casey asked about future tax increment (only that in the trust fund), and RDA's funds in City. Some assets will be sold and the status of affordable housing funds are still undetermined. Bond funds are to complete projects, but may not stand the test of Oversight Board. Bonds could be called and projects not go forward. No Pass-Through agreements.

Ed Price, County Property Tax Division Chief, explained County's Trust Fund. January 16 and June 1 distributions are normal distribution dates and the ROPS and administrative costs will be make up a given distribution. Explained how the County determines how much taxing agencies receive. June 1st will be used to fund the first ROPS payments. Not sure about administrative costs in this first disbursement. The County will report to State Controller's Office every six months and will be monitoring whether any State legislation cleanup bills emerge. Might need a requirement for reserves in order to make bond payments. There will be "true-ups" and corrections to the ROPS since some figures are estimates.

Heather Fletcher, Audit Manager for County, County must audit each RDA by July 1, 2012. Procedures were agreed upon by State and County. List is on State Controller's website. VTD, a CPA firm was contracted to perform an audit to determine the validity of the ROPS. VTD will issue final report. County Auditor Controller will certify the ROPS. She'd like to be able to access the City's financial management system. More information is required. Board is one of the approval entities, as is Auditor and State.

Bob Geis said the Oversight Board will be reviewing the current ROPS and later will review ROPS for last half of year.

D. Overview of Successor Agency Finances – Bob Samario, City of Santa Barbara Finance Director

Speaker: Bob Samario, City of Santa Barbara Finance Director, handed out spreadsheets showing last year's funds and changes in fund balances.

Board Member Wallar requested FY 2012 balance sheets.

Mr. Samario presented a spreadsheet showing the City's RDA funds through January 1, 2012 and also how the funds were migrated to the Successor Agency.

Chair Fahnestock asked about the transfer funds from the RDA to the City. The transfer was required by State. These are funds RDA had, not future tax increment funds. These are liquid assets. There are other non-liquid assets.

Board Member Wallar inquired about the use of capital funds. Bob Samario explained they are only used for project costs. General funds are use for operations and debt service.

Chair Fahnestock asked about paying for ROPS. Bob Samario explained that these transferred funds and future tax increment would be used.

Board Memberse Van Sande and Wallar both wanted back-up for each line item.

Brian Fahnestock wanted to know about Housing Funds. If the State doesn't pass the bill being considered to allow the affordable housing funds to remain with the Housing Successor Agency, what agency would receive them? Stephen Wiley stated that that needs to be clarified.

Ex Agenda Questions:

A question was asked whether RDA loaned funds to Successor Agency. Jim Armstrong stated that there were no General Fund loans to RDA for capital projects.

Stephen Wiley noted that loans have been made to nonprofit developers of affordable housing. Sarah Knecht explained that the City, as the Successor Agency, is entitled to the repayments on those housing loans. No housing loans data was available for this meeting. Brian Bosse explained that there are about \$45 million in loans and \$500,000 a year in residuals.

An inquiry raised concerned the estimated funding that would be available to the other taxing entities. This could possibly serve as a measure of how well this Oversight Board does in comparison to State estimates. Board Member Armstrong stated that comparisons of different agencies would be inappropriate and that the State estimates are not dependable.

Another question was asked about assets that could be liquidated. Jim Armstrong responded that one site is not developed.

E. Review and Discussion on Recognized Obligation Payment Schedule (ROPS)

Documents:

- April 12, 2012, report from the Housing Manager
- Recognized Obligation Payment Schedule

Speakers:

Staff: Brian Bosse introduced the ROPS, noting that background information and contracts for the projects are provided in the four volumes of ROPS binders. The Board acknowledged staff for their efforts.

Marck Aguilar, Redevelopment Supervisor, acknowledged that each section in the binders corresponds to a line item project in ROPS.

Chandra Wallar asked which items the staff thinks would not be approved. Brian Bosse stated all items listed in the ROPS were obligations from the former RDA's perspective. The only item that has changed as the removal of Line Item 36 Annual Audit and it is now left blank.

Brian Fahnestock asked about the Cooperative Agreements. Stephen Wiley linked to them to the 2003 Multi-Year agreement. The RDA and the City entered into the multi-year agreement because the State was now requiring 5-Year Implementation Plans. Police operations and arts operations are viable RDA projects.

V. TOPICS FOR FUTURE AGENDAS

A. Review, Discussion and Action on Successor Agency Administrative Budget

B. Review, Discussion and Action on ROPS

C. Review and Discussion of Property – Third Meeting of Oversight Board

Board Member Wallar stated that future meetings are to be recorded. It was determined that the Board will review the projects in the first binder at the next meeting.

VI. ADJOURNMENT

The next meeting will be on May 3, 2012, location to be determined.

Chair Fahnstock adjourned the meeting at 3:55 pm.