

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

Thursday, May 17, 2012 – 2 P.M. to 3:30 P.M.

**David Gebhard Public Meeting Room
630 Garden Street, Santa Barbara CA 93101**

MEMBERS:

 X **Brian Fahnestock, Chair**, California
Community Colleges

 X **Carolle Van Sande, Vice Chair**,
Member of Public

 X **Chandra Wallar**, County of Santa
Barbara

 X **Jim Armstrong**, City of Santa
Barbara

 X **Mark Manion**, Oversight Board
Counsel

 X **Renee Bahl**, Santa Barbara County
Flood Control and Water Conservation
District

 X **Meg Jetté**, Santa Barbara County
Education Office

 X **Paul Casey**, Former Agency
Employee Representative, City of Santa
Barbara

STAFF:

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

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

 X **Bob Samario**, Finance Director, City of Santa Barbara

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

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

ORDER OF BUSINESS

I. CALL TO ORDER

Called to order at 2:00 pm. Jim Armstrong arrived a few minutes later.

II. CHANGES TO THE AGENDA:

None

III. APPROVAL OF MINUTES – Minutes of May 3, 2012

Will wait until next meeting and will email in the meantime.

IV. CONSENT CALENDAR – No Items

V. ITEMS SCHEDULED FOR ACTION/DISCUSSION

**A. Review and Discussion on Successor Agency Finances– Ruby Carrillo,
Accounting Manager City of Santa Barbara**

Bob Samario introduced Ruby Carrillo, City Accounting Manager. Ruby Carrillo reviewed financial transactions from July 1, 2011 through January 31, 2012, the

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end of the Agency, and followed the transactions since through March 31, 2012. Amounts were linked to the CAFR, which is a summary of this information. Transfer transactions were shown as of June 30, 2011. Funds were transferred to Successor Agency, not comingled. Fixed assets such as sidewalks and right of ways are estimated to be worth \$1.3 million, and are not land. \$1.51 million was transferred to Successor Agency in June 2011. Reversed back after AB1x26 to RDA, then transferred back to City after January 31, 2012. There were additional Agency loans after July 2011 through January 31, 2012. Chandra Wallar asked now the freeze relates to the loans. One loan was for Bradley Studios for \$3.6 million and was paid after beginning of fiscal year. Net assets transferred back \$197 million. \$36 million difference which were RDA operating fund, expenditures of \$7.3, tax increment revenue, housing fund tax increment revenue, housing loans, loans receivable and debt service. RDA Capital fund had an increase from Operating funds (\$3.7 million). No bond funds were transferred. Renee Bahl asked counsel about “freeze” conditions. Mark Manion explained he was not prepared to answer as he was just hired the day before. Brian Fahnestock wanted to know if that loan is covered by “freeze” and was it legal during first half of year. Detail information on revenues: operating funds are transfer of interest income on investments and tax increment, RDA housing loans receivable of \$519,000 for a total \$2.9 million. The amount transferred to Capital fund was \$3.578 million. Agency had additional revenues of \$16 million. Also provided information on revenues since January 31, 2012 and expenditures through January 31, 2012 for RDA. Staffing will be discussed later. Transfer of Overnight Accommodation, a hotel developer fee, funds to affordable housing funds. Housing development loans of \$6 million: Bradley Studios \$3.6 million and \$2 million to Peoples Self Help and a grant for \$300,000. Chandra Wallar asked whether contracts were in place before July 1st. and funded after. Brian Fahnestock confirmed that \$25 million expenditures since July 1st. Debt Service 2001a bonds and 2003a bonds payment were made in March 1, 2012 and there were Capital projects expenditures: Carolle Van Sande expressed confusion about difference from first financial statement and this one. Ruby Carrillo said books hadn't closed at March 31st. Categories were shifted a bit. \$3.6 million loan is a reduction of cash and an increase in loans receivable. Increase in Fund 112 is over \$44 million loans receivable represents the loans. Bob Samario answered Carolle's question about the two schedules. One is a balance sheet and the other is a revenue and expenditures schedule and two different dates. Additional \$2.5 million is an old loan. Not everything was transferred. After January 31, 2012 assets were first transferred. Chandra Wallar asked if everything was transferred at January 31, 2012. Not all capital assets are liquidatable. Brian Fahnestock \$197 million total in assets, includes housing. \$103 million are improvements are included because they are funded by RDA but are not liquid. Jim Armstrong asked about downtown sidewalks downtown are recorded as a fixed asset. Chandra Wallar noted balance sheet reduction from June 2010 to June 2011 and wondered if the Oversight Board could ask what happened to assets in this period. Brian Fahnestock asked about \$14 million went from RDA bond funds to economic development fund which is a new fund for Successor Agency. Two separate transfers – assets and funds in June 2011. Was there a Council action to transfer back to RDA was a budget amendment? No. Carolle asked about integrity of CAFR numbers. Independent auditor performed the CAFR.

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Note: Bob Geis, County Auditor spoke. He has been in contact with State Department of Finance. County submitted an estimated tax increment report to State. There has been recent news that the State was now expecting lower numbers. \$8.6 mil for City as of June 1st. Must have an approved ROPs by June 1st or total tax increment will go to taxing agencies, and not to City. City will not have any recourse. Important issue to State and schools as it lets them know how much to expect. Upcoming legislation will make it even more difficult. County supports the RDA making their bond payments. State has to have and approve the ROPS by June 1st. Passed date to go through State technical view. Tax Increment will be needed to make the P and I payments for bonds. Second ROPS includes debt service for 2013 - Bob Samario. Jim Armstrong suggested scheduling another Oversight Board meeting. Paul Casey referred to State review EOPS and suggested that would be a good start to work in a more effective way on the second ROPs.

B. Administrative Budget Review and Discussion – Sue Gray, Administrative Services Manager

Sue Gray, Administrative Services Manager. The former RDA expenditures now get paid out of General Fund and the RDA reimburses. Professional Services are employee salaries. She reviewed operating expenditures: Legal Services for City Attorneys and it is high because of dissolution services. Chandra Wallar asked about legal services for next fiscal year. Sue responded that they would be lower. Overhead allocation will be discussed by Ruby. There will be a \$65,000 salary reduction. Brian Fahnestock asked whether administration costs (\$629,000) would be within 5%. Also wanted to know how budget compares to actual expenditures that are incurred. Jim Armstrong explained that his salary and Paul Casey's will be static even though they are logging more hours. Cost allocations plan is a citywide document. The City hires a consultant to make to work out the allocations to cover a two year period since the City has enterprise funds. Ruby Carrillo explained different methodology for different departments. Chandra Wallar asked and was told that the methodology is citywide.

Discussed future meeting dates. Brian Bosse suggested May 24. Renee Bahl cannot attend the 24. The meeting will be as long as necessary. All board members want the ROPs to be moved over to the State schedules for next meeting. Chandra Wallar wanted to keep all items that the Board has already decided on the ROPS. Brian Fahnestock agreed to eliminate the projects already reviewed and rejected by State Department of Finance. Brian Fahnestock suggested another meeting on Wednesday, May 30 starting at 8:30 a.m. continuing 12 p.m.

C. Property/Asset Review and Discussion – Brian J. Bosse, former Housing and Redevelopment Manager

Brian Bosse discussed property and assets owned by former Redevelopment Agency. Referred to State Controller's asset transfer list.

Calle Cesar Chavez purchased with tax increment in early 2000 and there was no designated government purpose and may want to sell. The property was purchased for approximately \$2.8 million. Chase Palm Park Expansion property has been entirely developed as a park.

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Ortega groundwater treatment facility is a government facility. Was City property and has been transferred back to City. No funds were exchanges.

Railroad Depot has public parking lots and Greyhound will be leasing a rail station building and are all for public purpose. Chandra Wallar wanted aerial photography and wanted it noted that it is staff's designation that these parcels are being used for public purposes. The Board will make their own decision. Railroad parcels were all purchased with State Transportation bond funds. Carolle Van Sande asked if any parcel is not incorporated into railroad parcels. Brian Bosse explained that question would be answered later in the discussion. Carolle Van Sande specified that the parcel she is asking about is across the railroad tracks.

Parking Lots: Cota Commuter Lot, 217 Helena Street parking adjacent to future youth hostel and is a completed parking lot. Mason Street public parking lot and Garden Street public parking lot are adjacent to one another in the waterfront. Parking Structures and Lot 11 Granada Garage. Brian Fahnestock asked whether the \$1.3 includes the housing at Granada Garage. Commuter Lot on Carrillo. Parking Structure 2 on Chapala Street. Paseo Nuevo parking lot was purchased with tax increment but half of Paseo Nuevo was City-owned land. Chandra Wallar wanted to have counsel decide if it makes any difference who the previous owner was or if other funds were used.

Bath and Ortega Street parcels stepped up and purchased them to help flood control project and are small parcels with creek setbacks. .06 of an acre and could considered selling.

Brian Fahnestock referred to assets called out in CAFR. Brian Fahnestock asked if all of these are still transferred to City as a Successor Agency ownership, not to the City itself. Chandra Wallar considered that the value is with the Successor Agency but is the ownership with City. A question for counsel. Steve Wiley explained that the Successor Agency is a receiver entity. Steve Wiley thought that the Successor Agency is a not a legal entity to which you transfer title, no deeds were made. These parcels were surface lots owned by the City and transferred to the Agency to be developed into parking structures. Parcels had to be reassembled to be developed. Real property needs to go back to the City. Jim Armstrong said that they are on the table for discussion.

D. Review of California Department of Finance e-mail dated May 4, 2012 (see attachment)

This item was not discussed separately.

E. Review, Discussion, and Action on Proposed Process for Future Oversight Board Meeting Agenda Development

For next meeting put all ROPS on schedule. Send questions to Brian Fahnestock for consideration on next agenda (May24th). Renee Bahl said the Board would need a resolution for the first and second ROPS.

VI. TOPICS FOR FUTURE AGENDAS

A. Review, Discussion and Action on Binder Volume I, ROPS Nos. 1 through 17

B. Review, Discussion and Action on Binder Volume II, ROPS Nos. 18 through 28

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- C. Review, Discussion and Action on Binder Volume III, ROPS Nos. 29 through 36**
- D. Review, Discussion and Action on Binder Volume IV, ROPS Nos. 37 through 42**

VII. ADJOURNMENT

Adjourned meeting at 3:30.

Next Meetings: **Thursday, May 24, 2012 at Casa Las Palmas at Chase Palm Park
beginning at 2 p.m. and continuing until 6 p.m.**

**Wednesday, May 30, 2012 at Casa Las Palmas at Chase Palm Park
beginning at 8:30 a.m. and continuing until 12 p.m.**