

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA BARBARA
OVERSIGHT BOARD MINUTES
Thursday, May 24, 2012 – 2 P.M. to 6:00 P.M.
Casa Las Palmas
323 East Cabrillo Boulevard, 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

 A **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 **Mark Manion**, Oversight Board Counsel

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

 X **Stephen Wiley**, City Attorney

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

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

ORDER OF BUSINESS

I. CALL TO ORDER:

Meeting was called to order at 2:05 p.m.

II. CHANGES TO THE AGENDA:

None

III. PUBLIC COMMENT:

None.

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

Unanimous approval.

V. CONSENT CALENDAR – No Items

VI. ITEMS SCHEDULED FOR ACTION/DISCUSSION

- A. Review, Discussion, and Approval of Final ROPS for the period of January 1, 2012 – June 30, 2012). Voting to *include* Projects on the ROPS noted.**

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Schedule A

#3 - Housing Bond Payments on Schedule A. Discussion. Reserves of LMIF. Heather Fletcher, of the County Auditor's office, said that it doesn't really matter which schedule, can be partially on B and the remainder on A. Chandra Wallar said it's safer to put it on B. Either way it'll get paid out of setaside. Paul Casey said if it's all on A, it will get swept up in budget trailer bill. Another State bill might save it for affordable housing. Jim Armstrong agreed. Chandra Wallar wants it on Form B. No second.

Motion: Armstrong, Casey to include on Schedule A.

Vote: 4-2 (Wallar, Van Sande)

#7 - Downtown Transportation Mitigation. Mark Manion discussed. In 1982 began with \$250,000 per year. It as an appropriation bill. Mark said to look at the original. Chandra thinks all cooperation agreements are null and void. Mark said that its between the City and third party and is valid. Cooperation agreements are not enforceable in and of themselves. This cooperation agreement is in connection with third party agreement. Sarah Knecht agreed with Mark. Sarah said that typically RDA's enter into agreements with City to carryout RDA projects. Not effected by AB 26. The RDA had been making an annual agreement prior to 2003. Multi-year agreement in 2003 was to extend it over time. From there, the City enters into agreement. Third party agreement entered into before 2011 is valid. Third party after June 2011 is questionable. Mark Manion said there is an enforceable obligation. The next question is does the Oversight Board want to terminate an enforceable obligation? Brian Bosse, if cancelled, it would just be the last payment. Carolle Van Sande asked about actual contribution. Chandra Wallar would agree to only finishing out the current signed contract through June 30, 2012. The second set of ROPS will deal with future payments.

Motion: Casey, Armstrong to include on Schedule A.

Vote: 6-0.

#8 - Groundwater monitoring. Mark Manion discussed. Purchase Order is with a third party and is dated before June 2011. There are several after that date which might not qualify. Chandra Wallar asked if there is a third party agreement. Brian Bosse said it's based on the 2003 Multi-year agreement. Mark Manion agreed. Carolle Van Sande asked about newer agreement for 217 Helena Street parking lot. Brian Bosse said that it wasn't constructed yet but groundwater monitoring well is drilled after lot is built. Brian Bosse said that if was to go on second ROPS, then include both Lot 12 and 217 Helena. Brian Bosse said that all should be on current ROPS which would be around \$43,000. Sarah Knecht said that all purchase orders are for projects already in progress. Mark Manion said that there is not an overarching agreement to cover later purchase orders. Meg Jetté asked why there wasn't a purchase order for the whole job. Brian Bosse said the State progresses with the monitoring one step at a time. Chandra Wallar wanted only the first included. Carolle Van Sande asked when the work performed.

Vote: 6-0 for \$12,737

#9-Paseo Nuevo Trash Enclosures. Carolle Van Sande disagreed and said that her question about the mechanism for figuring out the annual payment hadn't been answered. Sarah Knecht said the Paseo Nuevo documents will have that information. Steve Wiley discussed how it came about. Motion to table. Chandra

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Wallar may be in agreement about the concept but not the amount. Carolle Van Sande questioned the length of the obligation. Jim Armstrong responded that it was to be for the life of the agency. The obligation would have become city obligation after end of agency – Steve Wiley.

Motion: Armstrong, Jetté to include on Schedule A.

Vote: 6-0.

A further question: Meg Jetté asked about the 2003 Multi-year agreement. Mark Manion said that any obligation that is covered by 2003 and cooperation agreement is not valid.

#12 – Chase Palm Park Electrical Upgrade.

Motion: Casey, Armstrong to be included on Schedule A.

Vote: 6-0

#16 – Police Department Lease. No further discussion. Documentation was distributed for Police Department lease. The numbers are an average.

Vote: 6-0

#17 – Fire Station Lease. No further discussion

Vote: 6-0

#18 – Parking Lot Construction. Supporting documentation. Changes were made to final amount. Chandra Wallar was concerned about cooperation agreement.

Motion: Armstrong, Casey to be included on Schedule A.

Vote: 6-0

#19 – Library Plaza Renovation. Brian Fahnestock agreed to only design services costs. Brian Bosse said this amount is only for design. Brian Fahnestock doesn't agree with total outstanding debt or obligation amount of \$2 million, only design costs. Heather Fletcher stated that should put only the amount before June 28, 2011. Carolle Van Sande asked how long obligation lasts. Sarah Knecht said that the form still has the full amount as in the EOPS. Brian Fahnestock said that documentation may confirm as in #9. Chandra Wallar only current contract and change the outstanding debt to the current. Carolle seconded. Jim Armstrong stated that the loan agreement was made in March 2011 for \$2,000,000. Mark Manion stated that he thinks the courts will decide. The law says it's not enforceable as it is with formation agency and the RDA. Mark expects litigation. Mark Manion stated that currently the loan is not enforceable.

Motion to include only design costs on Schedule A.

Vote: 4-2 to put only design costs on Schedule A (Paul Casey, Jim Armstrong).

Revisited #7 and #8. Mark Manion wanted to put #7 and #8 on second ROPS. Obligations imposed by State law. Meg Jetté wanted only the 6-month period. Sarah Knecht said to change the heading for Total Outstanding Debt. Paul Casey wanted full amount shown. Meg Jetté was concerned about leaving Outstanding amount on. Heather Fletcher said that the Total Outstanding Debt is only the enforceable amount. Chandra Wallar stated that #7 Total amount is not enforceable, only the payments. Mark Manion stated that only obligations

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imposed by State law are enforceable. Brian Fahnestock said there is nothing to prove the amount.

Vote: 4 -2 for only \$150,000 on Schedule A for #7 and only \$12,737 on Schedule A for #8. (Paul Casey, Jim Armstrong)

#20 – Lower West Downtown Street Lights. Brian Fahnestock didn't want the Taft contract on the ROPS. Brian Bosse stated that Taft contract had been deleted.

Motion: Casey, Van Sande to be included on Schedule A.

Vote: 6-0

#25 - Seismic Upgrades to Parking Structures. Brain Fahnestock said that Media Group purchase order should not be included. Brian Bosse stated that project is completed. Brain Bosse stated that it all done on one contract.

Motion: Casey, Armstrong not to include Media Group,

Vote: 6-0 To verify that the \$699,749 doesn't include Media Group.

#26 – West Downtown Improvements. Brian Fahnestock stated that this was only an agreement between City and RDA. Project is completed. Not enforceable as it is surplus funds.

Motion: Jetté, Van Sande not to include on ROPS.

Vote: 6-0

#27 – Carrillo Recreation Center - \$21,392 final payment. Chandra Wallar stated that she would approve, but wanted verification what that amount was for.

Motion: Van Sande, Armstrong to include on Schedule A.

Vote: 6-0

#28 – Chase Palm Park. Brian Fahnestock reminded the board that there is a third party agreement. Wisteria Arbor is detailed in construction bid by Lash. Ongoing. It could be on a future ROPS. Mark Manion agreed that it should not be on the schedule. Fess Parker's family came back and complained that it that the arbor had not gotten built and it was a part of the deal.

Motion: Wallar, Van Sande not to include on this current ROPS but to leave it on as a total outstanding debt or obligation.

Vote: 6-0

#1, 2 and #3 – Bonds. Bob Samario believes that the June 2012 payments should go on 2nd ROPS as they will not be paid by the end of June. Jim Armstrong wanted clarification. March has been paid. It was agreed that the June amounts should be included on the 2nd ROPS.

#29 – Lower State Street Sidewalks. Developer agreement. Amount comes from per block basis of past State Street projects.

Motion: Jetté motioned not to include on this current ROPS but to leave it on as a total outstanding debt or obligation because there have been no payments. Carolle seconded the motion.

Vote: 6-0

The question was if it is taken off because there were no payments, will it preclude it from being included on a later ROPS. It's a question for Mark Manion and Sarah Knecht. Heather Fletcher stated that she has seen it done both ways.

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#30 – Fire Department Administrative Annex. Brian Fahnestock stated that the Smart Office Interiors invoice was after the cutoff date of June 2011. Brian Bosse stated that these were all part of the one big total project.

Motion: Casey, Armstrong to add this project to Schedule A.

Vote . 5-1(Wallar)

#31 – Helena Parking Lot – Brian Fahnestock stated that the agreements were before cutoffs but wanted the payments to be taken off and put on later ROPS Discussion.

Motion: Casey, Van Sande to include the \$135,723 on Schedule A.

Vote: 6-0

#32 – Mission Creek Flood Control. Jim Armstrong stated that this project was included in bond funds. Stephen Wiley stated that the bond is a third party agreement between the Agency and the bond trustee. Listed on bond funds official statement. Should be on a Bond Funds schedule - Other sources. There was a discussion about taking it out of bond proceeds. Mark Manion stated bond proceeds are to be use as stated. Chandra Wallar questioned that statement. Brian Fahnestock said to move it to Schedule B. Paul Casey stated that the City hadn't begun the project without knowing if City would have the funds. Mark Manion said it's part of the bond funds. Stephen Wiley said bonding agency is a contract. Meg asked if there are other projects listed on bond statement. There was list of projects included as part of original bond statement. Ensemble Theatre (#41) has not had any money spent but was on the bond project list. Chandra Wallar did not agree that it's a project with any third party. Carolle asked how we came up project costs. They were ball park estimates in order to sell bonds.

Motion: Armstrong, Jetté to include project costs on Schedule B.

Vote: 6-0

#33 – West Beach Pedestrian Improvements – Brian Bosse reminded the board that the construction contract is in litigation. Contractor declared bankruptcy so there may not be any payments for the current ROPs. Stephen Wiley agreed saying that it's a new lawsuit.

Motion: Armstrong, Casey not to include any costs on current ROPs and to keep the total as an outstanding debt on Schedule A.

Vote: 6-0

#37 Plaza de la Guerra and #41 Ensemble Theatre. Design contracts. Not all funds expended. Plaza may have been an original 2003 bond project. Brian Bosse stated these two should be on Schedule B. There was a question about what the balance of the bond funds are. Brian Bosse figured there to be \$13 million now. #37 should be on Schedule A for design contract.

Motion: Van Sande, Armstrong to put \$67,030 on Schedule A.

Vote: No 4-2. (Wallar, Jetté)

#41 – Ensemble Theatre. Brian Bosse stated that this project was called out in bond statement. Derek Weston, representing Ensemble Theatre, spoke in favor of keeping the grant as a recognized obligation. Stated that the grant was for final fixtures. Construction is to start before end of June 2012. Result of 7 years of

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negotiating. Grant was seed money for all their donations. Chandra Wallar wanted it put on Schedule B.

Motion: Casey, Van Sande to put on Schedule B.

Vote: 6-0

Schedule B

Brian Bosse referenced May 3rd meeting. #4, 70% of the Fiscal Agent Charges are on Schedule A and 30% are on Schedule B.

#23 Affordable Housing Administration. Brian Bosse explained that these charges were originally from housing setaside funds. Heather Fletcher hasn't seen it called out in other agency's affordable housing schedules. Sarah Knecht stated that the status of housing funds are all unclear. Heather Fletcher agreed. Housing assets go to housing successor agency. It's unclear about cash. Mark Manion read from legislation. Chandra Wallar stated that it should not be on any schedule. Jim Armstrong was concerned about if law changes.

Vote: 6-0 to not include on Schedule B.

#34 – People's Self-Help Housing Corporation Loan. Sarah Knecht future develop loan. People's purchased land with the understanding that they'd would get future funding of \$2.2 mil for development. People's wouldn't have proceeded without it.

Motion: Wallar, Jetté not put it on any ROPS.

Vote: 4-2 (Armstrong, Casey)

Schedule C

#5 – Annual Audit. Sue Gray stated that it was included in administrative costs. An error.

#10 – Admin Costs. Brian Fahnestock reminded the board that 5% is only around \$500,000. Chandra Wallar said she doesn't think it would be approved by Department of Finance at a higher amount. Meg Jetté said that it should be included as an amount not to exceed 5% of Schedule A.

Vote: 6-0

Jim Armstrong moved and Brian Fahnestock seconded to approve ROPS for January 2012 through June 2012.

Roll Call: Ayes – Paul Casey, Jim Armstrong, Vice Chair Carolle Van Sande, Meg Jetté, Chandra Wallar, Chair Brian Fahnestock

Paul Casey reminded the board that Bradley Studios (Housing Authority) will be going to Council to convert their construction loan to permanent loan.(residual receipts loan).

There was a reminder that the Board needs to approve 2nd ROPS before June 1st.

B. Review, Discussion, and Approval of the Administrative Budget for the period of February 1, 2012 – June 30, 2012

This was approved to be added to Schedule C (see above)

VII. Topics for Future Agendas

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- A. Review, Discussion and Approval of Second ROPS (July 1, 2012 – December 31, 2012)
- B. Will put Discussion Regarding Property on May 30th.

VIII. ADJOURNMENT

Meeting was adjourned at 5:09 p.m.

Next Meeting: Wednesday May 30, 2012 from 8:30 A.M. to Noon at Casa Las Palmas, located at 323 East Cabrillo Blvd.