

REGULAR MEETING OF THE REDEVELOPMENT AGENCY

AUGUST 9, 2005

The Redevelopment Agency met in a regular meeting on Tuesday, August 9, 2005, in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Chairperson Dixon, who also led the Pledge of Allegiance to the Flag, called the meeting to order at 6:45 p.m.

ROLL CALL

Agency Members Present: Chairperson Dixon
Vice-Chairperson Bever
Agency Member Mansoor
Agency Member Monahan

Agency Members Absent: Agency Member Foley

Officials Present: Executive Director Lamm
Assistant Agency Attorney Potter
Finance Director Puckett
Executive Secretary Rosales

POSTINGS

The Redevelopment Agency meeting agenda was posted at the City Council Chambers, Headquarters Police Department, Neighborhood Community Center, Postal Office and Mesa-Verde Public Library on Thursday, August 4, 2005.

MINUTES

On a motion by Agency Member Monahan, seconded by Agency Member Mansoor, and carried 4-0, the minutes of May 10, 2005, were approved.

NEW BUSINESS

Review of 2005-2006 Statement of Investment Policy

Finance Director Puckett reported that Government Code Section 53646 mandated annual submittal of the Statement of Investment Policy to the Agency for consideration and adoption. Two Government Code changes, under Section VII, Authorized Investments, were emphasized. One change reduced the maximum allowable investment in commercial paper from 30% to 25% of the portfolio, slightly changing the method in which percentages were calculated. The second change revised the maximum allowable investment in any one Federal agency security from 25% to 40% of the total investment portfolio, giving the Agency Treasurer flexibility to achieve the maximum yield for the Agency's portfolio. The changes did not add any risk to the portfolio due to a triple "A" rating on all of the Federal agency's securities and an implied guarantee of the Federal Government. Additionally, both changes were consistent with the changes previously adopted in the City's Investment Policy.

PUBLIC COMMENT

Chairperson Dixon opened the session for public comment. There being none, she closed the public session.

MOTION Carried Approved

Agency Member Mansoor motioned to approve Redevelopment Agency Resolution 05-2005 - ADOPTING THE 2005-2006 STATEMENT OF INVESTMENT POLICY AND AUTHORIZING THE TREASURER TO INVEST AND REINVEST IDLE MONEYS OF THE COSTA MESA REDEVELOPMENT AGENCY IN ACCORDANCE WITH THE 2005-06 STATEMENT OF INVESTMENT POLICY AND AUTHORIZING THE SAID TREASURER TO DELEGATE TO THE ASSISTANT DIRECTOR OF FINANCE THE CARRYING OUT OF ANY SUCH TASKS. Chairperson Dixon seconded the motion, and the motion carried 4-0.

**Status of the Agency's
Eminent Domain
Authority**

Executive Director Lamm reported that at the request of Agency Member Bever, the Agency's powers of eminent domain were being discussed to determine if they could be used to assist or motivate the property owner of Triangle Square to lease the property and make it viably and financially successful.

Executive Director Lamm advised that the Redevelopment Agency no longer had the power of eminent domain, as it had expired in 1999. In California, eminent domain could be used for economic development purposes but only where conditions of physical blight existed. Although the original Redevelopment Plan could be amended, Mr. Lamm dissuaded the Agency from reestablishing eminent domain authority, as it would be difficult to make findings that blight had not been effectively eliminated by 1999. Mr. Lamm recommended the Agency focus on code enforcement and other economic redevelopment tasks instead. He announced that representatives for the owner of Triangle Square were present (Mr. Cameron Crowner, Leasing Agent for Colliers Seeley, and Mr. Bob Hitchcock and Ms. Romy Miura, representing Charles Dunn Property Management Company). A notice had been mailed to the property owner (Bih Jen Lin), but was returned stating no forwarding address.

Chairperson Dixon asked Agency Member Bever if he had anything to address. Agency Member Bever thanked Executive Director Lamm and his department for explaining eminent domain and opening dialogue with the property owner. He stated his sole intention was to establish dialogue to determine whether or not the Agency had the authority to provide a friendly condemnation to assist the situation.

Chairperson Dixon invited representatives from Triangle Square to address the Agency. Bob Hitchcock, Charles Dunn Asset Manager for Triangle Square, reported that the owner had recently moved offices. Chairperson Dixon requested that Mr. Lamm be provided with current property owner information. Mr. Hitchcock agreed to provide the Agency with current property owner information, as well as, information regarding representatives who were in attendance.

Cameron Crowner, Leasing Agent for Triangle Square reported that Colliers Seeley was engaged in May, to help market Triangle Square. A detailed Power Point presentation explaining the merchandising/tenant mix plan, the identity of each vacancy by leaseable space, configuration, location within the Center, future tenants, and pending parking plan, was presented to the Agency. Colliers Seeley was examining the best use for each particular space, while keeping in mind that said use would have to accommodate the overall parking scheme, and be complimentary to the Center and the tenant mix. In concluding, Mr. Crowner stated that Colliers Seeley wanted to see a commitment from ownership to improve Triangle Square, in order for everyone to benefit.

Chairperson Dixon stated the Agency would agree with Mr. Crowner's comments. She expressed an interest in knowing what Colliers Seeley was doing to achieve their goals. Mr. Crowner advised he had visited the Los Angeles area in search of A-typical or non-conventional businesses to offer a project with high identity, in hopes that they might take advantage of a unique presentation in venue. Because marketing had to be specific and targeted to certain users, they were also working with the broker community.

Chairperson Dixon asked what incentives, if any, Colliers Seeley had and what the property owner was doing. Mr. Crowner responded that incentives would have to be better than what the competition was offering and could consist of competitive lease rates, tenant improvement dollars or free rent. The first initial deals might have to be subsidized but in the long run, they would be beneficial.

Chairperson Dixon expressed interest in seeing the marketing plan, as well as, any incentives. She requested Colliers Seeley provide Mr. Lamm with a copy.

Agency Member Monahan thanked Mr. Crowner for “facing the firing line”, considering he had only been the leasing agent since May. He explained that originally, Triangle Square was a Redevelopment project that involved eminent domain. At the time it was approved, the City invested a lot of time, effort, money and politics. Tenants had to be relocated, resulting in lawsuits, but the City had a very good relationship with the prior owner. Since that time, however, the vacancy rate had increased considerably and most tenants from the original days (recently Virgin and Nike) had decided to move on. Agency Member Monahan lacked confidence that the owner would do anything about the turnaround and asked what the target demographic was. Mr. Crowner stated, ideally, there would be venues to cross-shop. Geographically, the demographic profile would be local and regional, focusing on fashion-oriented, young shoppers.

Agency Member Monahan asked if a valet service was being used. Romy Muira, Portfolio Manager for Charles Dunn, advised that due to business generated by Zutra and The Yardhouse, valet parking was available on Thursdays, Fridays and Saturdays.

Agency Member Monahan stated that the partnership between the City, management and the ownership had regressed, as proven by the mere fact that the City did not have the owner’s current address. Three years prior, he and Mr. Lamm stressed the need for parking plans because the existing parking had been approved and designated for the original tenants. The City, however, never saw parking plans. Recently, with Chronic Cantina coming forward, the finger was pointed at the City, when the City had been upfront about needing a parking plan to assist Triangle Square reorganize the uses it would have. He emphasized that the current partnership would require give-and-take from both sides, if it were to work in the future. Ms. Miura stated they were working with a Civil Engineer on creating a new parking plan that included the existing parking, proposals to the existing parking, and the variance that was granted to Triangle Square when it was originally built. With the variance and their proposed uses, they would be within their parking quota. Upon completion of the parking plan, a meeting with Planning would be scheduled for review.

Agency Member Monahan further advised that prior to Charles Dunn being involved with Triangle Square, an extensive plan had been laid out. The allotment of parking for certain suites that did not match was part of the problem. Ms. Miura agreed that they had deviated from the plan and taken extra spaces when The Yardhouse opened.

Agency Member Monahan stated that seeing Triangle Square falter was much more personal to him because he had witnessed the

success it once had. He reiterated the importance of having an effective partnership to avoid bad press and loss of tenants. A goal of his was to get the attention of the ownership or the property management company to inform them of the City's interest in making Triangle Square work.

Agency Member Bever said he precipitated the meeting and hoped the companies did not perceive his comments negatively. His intention was to initiate a dialogue and felt it had successfully been accomplished. He expressed aggravation towards the local press for using Triangle Square as the poster child of failed Redevelopment. With the revitalization of the Westside, the Center failing did not bode well for the rest of the area. Member Bever made the following suggestions:

- 1) Reconfiguring the theaters by adding stadium seating and making them user-friendly
- 2) Researching practical alternatives for the ingress/egress problem, and
- 3) Correcting the signs that were flopped to avoid disorientation

Member Bever urged ownership and management to work closely with the City to make Triangle Square a success. Agency Member Mansoor concurred with the statements made by the Agency Members. He thanked Triangle Square representatives for attending and said he would be available, if there was something he could do.

Mr. Hitchcock agreed that working with the City was important to the future success of Triangle Square. It upset him to hear comments that ownership and management did not care about Triangle Square, because many improvements that were taking place were not published in the press. Colliers Seeley, who was knowledgeable, local and connected with regional tenants, was hired because leasing was going to be a key factor to the future of Triangle Square. With the first major lease, a Re-Grand Opening was being contemplated. A temporary tenant, selling Halloween supplies, was scheduled to occupy the Nike Town space for three months. Six viable tenants with leases that had not been consummated were also in negotiations. Charles Dunn was financially motivated and committed to making Triangle Square work.

Agency Member Monahan thanked the representatives for being in attendance, their hard work and their willingness to discuss a partnership for Triangle Square. He knew they were in difficult positions, but tools were needed in order to work. Mr. Hitchcock advised that staff was working hard to determine what was best in the long-term interest of Triangle Square.

Chairperson Dixon asked if open houses were held in the West Coast, which promoted Triangle Square and invited retailers to visit Costa Mesa. She requested that Charles Dunn keep the City informed if said marketing plan existed, as they were interested in working together to achieve the success of Triangle Square again. Mr. Hitchcock concurred and added the tremendous amount of community concern was going to bode well for them in future endeavors.

PUBLIC COMMENT

Chairperson Dixon opened the session for public comment.

Billy Stade, owner/operator of The Closet Corporation, spoke in support of Triangle Square. He informed the Agency that he had been in negotiations with Triangle Square's management team to expand his business. He did not think that Triangle Square was a failure but felt it had been held back by "acre" tenants like Nike Town and Virgin Mega Store. After 10 years of operating in Costa Mesa, The Closet Corporation was looking forward to expanding, being part of the turnaround, and the future of Triangle Square. Chairperson Dixon thanked Mr. Stade for his attendance and for being a part of Costa Mesa. She congratulated him on the success of his business.

There being no further speakers, Chairperson Dixon closed the public comment session.

**MOTION
Carried
Approved**

On a motion by Agency Member Mansoor, seconded by Agency Member Bever, and carried 4-0, the Agency received and filed the report.

REPORTS

Executive Director

None.

Agency Attorney

None.

**WARRANT
RESOLUTION
CMRA-336, CMRA-337
and CMRA-338**

On a motion by Agency Member Mansoor, seconded by Agency Member Bever and carried 4-0, Warrant Resolutions CMRA-336, CMRA-337 and CMRA-338 was approved.

PUBLIC COMMENT

Chairperson Dixon opened the session for public comment. There being none, the public comment session was closed.

**AGENCY MEMBER
COMMENTS AND
SUGGESTIONS**

None.

ADJOURNMENT

There being no further business for discussion, Chairperson Dixon adjourned the meeting at 7:40 p.m.