

**JOINT MEETING OF THE COSTA MESA
REDEVELOPMENT AGENCY AND CITY COUNCIL**

July 12, 2011

These meeting minutes represent an "action minute" format with a concise summary of the meeting. A video of the meeting may be viewed on the City's website at www.ci.costa-mesa.ca.us.

The Costa Mesa Redevelopment Agency and City Council met in a Joint Meeting held on Tuesday, July 12, 2011, in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Agency Chairperson Jim Righeimer called the Joint Meeting to order at 7:43 p.m. Agency Member Eric Bever led in the Pledge of Allegiance.

Agency Chair Jim Righeimer announced that the Closed Session matter (Joint Meeting) had been moved to the end of the meeting; therefore, he convened to the Regular Redevelopment Agency Meeting.

I. ROLL CALL

Members Present: Agency Chair Jim Righeimer
Agency Vice-Chair Stephen Mensinger
Agency Member Wendy Leece
Agency Member Eric Bever

Members Absent: Agency Member Gary Monahan

Officials Present: Executive Director Tom Hatch
Assistant Executive Director Khanh Nguyen
Agency Attorney Tom Duarte
City Engineer Ernesto Munoz
Neighborhood Improvement Manager Muriel Ullman
Assistant Finance Director Colleen O'Donoghue
Budget & Research Officer Bobby Young
Special Agency Counsel Celeste Brady
Economic Principal Kathe Head
City Clerk Julie Folcik

Agency Vice Chair Stephen Mensinger exited the meeting at 7:45 p.m.

II. CLERK'S STATEMENT

The Agenda and Notice and Call for the Special Joint Redevelopment Agency-City Council meeting and the Regular Redevelopment Agency meeting were posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, the Neighborhood Community Center and the Mesa Verde Public Library on Thursday, July 7, 2011.

III. MINUTES

Regular Meeting of June 14, 2011.

MOTION: Approve. Moved by Agency Member Eric Bever, seconded by Agency Chair Jim Righeimer.

The motion carried by the following roll call vote:

Ayes: Agency Chair Jim Righeimer, Agency Member Eric Bever,
Agency Member Wendy Leece

Noes: None.

Absent: Agency Member Gary Monahan and Agency Chair Stephen Mensinger

IV. PUBLIC COMMENTS – None

Agency Chair Stephen Mensinger re-entered the meeting at 7:47 p.m.

V. AGENCY/COUNCIL MEMBERS' COMMENTS AND SUGGESTIONS - None

VI. WARRANT RESOLUTION

Agency Member Wendy Leece asked if the Apple One Employment Services invoices were for long-term temporary services. Executive Director Tom Hatch explained staff was using Apple One services to fill a vacant full-time position on the 5th floor. Staff was evaluating the position to determine if it would be permanently filled or changed in some other way.

MOTION: Approve CMRA-408. Moved by Agency Chair Jim Righeimer, seconded by Agency Member Eric Bever.

The motion carried by the following roll call vote:

Ayes: Agency Chair Jim Righeimer, Agency Vice Chair Stephen Mensinger,
Agency Member Wendy Leece, Agency Member Eric Bever

Noes: None.

Absent: Agency Member Gary Monahan

VII. NEW BUSINESS

1. Legislative RDA Update

Neighborhood Improvement Manager Muriel Ullman summarized the staff report regarding highlights of Assembly Bill X1 26 (dissolution of the Redevelopment Agencies) and Assembly Bill X1 27 (Opt-in option for cities with Redevelopment Agencies). Special Agency Counsel Celeste Brady and Economic Principal Kathe Head answered technical questions from Agency members.

Agency Chair Jim Righeimer directed staff to prepare and return with a Resolution of Intention, Ordinance and Cooperation Agreement. Agency Vice Chair Stephen Mensinger supported the Agency Chair's direction.

Agency Chair Jim Righeimer opened the session for public comment.

Sandra Genis thought the \$10 million dollars owed to the City by the Agency might not be an enforceable obligation. Considering all the cut backs and changes to the police and fire departments, she encouraged Agency members to transfer as many funds of the \$10 million dollars back to the City's general fund including the \$990,000 committed to the Harper's Pointe project.

Robin Leffler encouraged the Agency to transfer as many Agency funds, as soon as possible, to the City's general fund.

MOTION: Approve recommendation to receive and file.

The motion carried by the following roll call vote:

Ayes: Agency Chair Jim Righeimer, Agency Member Wendy Leece, Agency
Member Eric Bever, Agency Vice Chair Stephen Mensinger

Noes: None.

Absent: Agency Member Gary Monahan

2. Fiscal Year 2011-2012 Redevelopment Agency Capital Improvement Projects

Budget and Research Officer Bobby Young presented the staff report regarding the Agency's capital improvement projects for Fiscal Year 2011-2012. Mr. Young and on hand staff responded to questions from Agency members.

Agency Chair Jim Righeimer opened the session for public comment.

Sandra Genis reported that 20 years ago the Council majority voted to eliminate the Veteran's Hall; promises to the Veterans were made that were broken. The City owed its Veterans an obligation and hoped the City would make good for its Veterans.

Agency Vice Chair Stephen Mensinger asked the Honorable Former Mayor Sandra Genis why the Council had taken the VFW out of the facility. Ms. Genis stated the building had been built under the WPA; therefore, it qualified as a historical resource and could have been rehabilitated to the Historical Building Code. The rationale was that the site was needed as a staging area for the construction of other

Redevelopment projects. Having served as an emergency evacuation center and a Veteran's Hall, the building had been a treasure.

Agency Vice Chair Stephen Mensinger asked Chief Executive Officer Tom Hatch if he knew what the City was doing with the building. C.E.O. Tom Hatch reported the vast majority of the square footage was being used for property evidence storage and a small office area was being used for training operations by the police department. Agency Vice Chair Stephen Mensinger made a request that C.E.O. Tom Hatch determine what the VFW building was being used for.

MOTION: Approve recommendation to receive and file. Moved by Agency Chair Jim Righeimer, seconded by Agency Vice Chair Stephen Mensinger.

The motion carried by the following roll call vote:

Ayes: Agency Chair Jim Righeimer, Agency Member Wendy Leece, Agency Member Eric Bever, Agency Vice Chair Stephen Mensinger

Noes: None.

Absent: Agency Member Gary Monahan

3. Statement of Investment Policy

Assistant Finance Director Colleen O'Donogue presented the staff report regarding the 2011-2012 Statement of Investment Policy. No questions were asked of staff.

Agency Chair Jim Righeimer opened the session for public comments. There being no public comments, he closed the public comments session.

MOTION: Adopt Resolution approving the Statement of Investment Policy for Fiscal Year 2011-2012. Moved by Agency Vice Chair Stephen Mensinger, seconded by Agency Chair Jim Righeimer.

A RESOLUTION OF THE COSTA MESA REDEVELOPMENT AGENCY, COSTA MESA, CALIFORNIA, ADOPTING THE 2011-2012 STATEMENT OF INVESTMENT POLICY, AND DESIGNATE THE FINANCE DIRECTOR TO ACT AS AGENCY TREASURER TO INVEST AND REINVEST IDLE MONEYS OF THE COSTA MESA REDEVELOPMENT AGENCY IN ACCORDANCE WITH THE ADOPTED 2011-2012 STATEMENT OF INVESTMENT POLICY.

The motion carried by the following roll call vote:

Ayes: Agency Chair Jim Righeimer, Agency Member Wendy Leece, Agency Member Eric Bever, Agency Vice Chair Stephen Mensinger

Noes: None.

Absent: Agency Member Gary Monahan

VIII. REPORTS

1. Agency Attorney - None
2. Executive Director – None

IX. ADJOURN

Agency Chair Jim Righeimer adjourned the Redevelopment Agency meeting at 8:41 p.m. and reconvened to the Joint Redevelopment Agency-City Council meeting for the Closed Session.

RECONVENE TO CLOSED SESSION / JOINT REDEVELOPMENT AGENCY AND CITY COUNCIL MEETING

I. CLOSED SESSION

1. Conference with Real Property Negotiator pursuant to Government Code Section 54956.8

The "Property", an improved parcel located at 845 West Baker Street (37,766 sq. ft.), Potential modification of an existing loan commitment dated July 6, 2010 among

Harper's Pointe, L.P., a partnership of USA Properties Fund ("Developer"), City of Costa Mesa, and Costa Mesa Redevelopment Agency, for an affordable housing development.

The City and Agency negotiators were: Thomas R. Hatch, CEO/Executive Director (and his designee(s)); Kathleen Head, Economic Advisor; Celeste Brady, Special Agency Counsel; Thomas Duarte, City Attorney. Developer's negotiators: Michele Keldorf of USA Properties Fund and Kyle Arndt of Bocarsly Emden Cowan Esmail & Arndt LLP. Under negotiation were the price and terms of Developer's requested modifications to the Loan Commitment relating to the acquisition of real property negotiation; recorded covenants, scope of development of property, affordable housing requirements, and the conditions to closing, due diligence, schedule of development of proposed affordable housing.

Agency Chair Jim Righeimer opened the session for public comments.

Sandra Genis expressed concern over the City's principals not having much "skin in the game" because the City, County and State were providing substantial amounts of money. She did not want this project to become another Triangle Square project. Early documents talked about subordination of City loans to other loans and while she was not clear where the City was on debt repayment, she hoped the City would not commit to any additional funds without making sure they were first in line.

Robin Leffler commented they had very little to go by with regards to the Closed Session. She had heard the Harper's Pointe project was in trouble and stated if the developer was unable to finance and wanted to get more money (larger loan, lower interest, more favorable terms from the City), it probably was not a good partnership.

Michelle Keldorf, USA Properties Fund (developer for Harper's Pointe) addressed items raised during public comments, specifically the developer's equity portion and the deal. She reported that half of the upfront developer fee was deferred as a note and an additional \$400,000 developer commitment was not yet secured. About two-thirds of any potential profit that contributed to the deal and the additional were first in line should there be any contingency cost overrun.

Agency Chair Jim Righeimer closed the public comment session. Council/Agency members exited Council Chambers and went into Closed Session.

Upon return of the Closed Session, it was announced that no new action was taken as the City and Agency were performing under the 2011 Loan Commitment when the Members did not support the Developer's request for another application.

The Joint Redevelopment/City Council meeting was adjourned at 8:47 p.m.