

**REGULAR MEETING OF THE OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY
TO THE COSTA MESA REDEVELOPMENT AGENCY**

JUNE 21, 2012

These meeting minutes represent an "action minute" format. A copy of the meeting can be obtained at Costa Mesa Housing Authority Office located on the 2nd floor of the Costa Mesa City Hall.

The Oversight Board of the Successor Agency to the Costa Mesa Redevelopment Agency met in a regular meeting on Thursday, June 21, 2012, in Conference Room 1A of the Costa Mesa City Hall, 77 Fair Drive, Costa Mesa.

Chair Jim Righeimer called the meeting to order at 2:02 p.m. and Board Member Tom Hatch led in the Pledge of Allegiance.

I. ROLL CALL

Members Present: Jim Righeimer, Chair
 Jeff Trader, Vice Chair
 Dan Baker, Board Member
 Andy Dunn, Board Member
 Thomas R. Hatch, Board Member
 Gary Monahan, Board Member (arrived at 2:06 p.m.)
 Rick Francis, Board Member (arrived at 2:08 p.m.)

Members Absent: None

Officials Present: Peter Naghavi, Director of Economic and
 Development / Deputy CEO
 Bobby Young, Finance and I.T. Director
 Colleen O'Donogue, Assistant Finance Director
 Alma Penalosa, Budget Analyst
 Hilda Veturis, Management Analyst
 Celeste Brady, Successor Agency Special Counsel
 Martha Rosales, Recording Secretary

II. AFFIDAVIT OF POSTING

The Agenda for the regular meeting of the Oversight Board was posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, Neighborhood Community Center and the Mesa-Verde Public Library on Monday, June 18, 2012.

III. MINUTES

1. Oversight Board meeting of Thursday, May 17, 2012.

MOTION: Approve Minutes. Moved by Vice Chair Jeff Trader, second by Board Member Dan Baker.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Jeff Trader, Board Member Dan Baker
Noes: None
Absent: Board Member Rick Francis, Board Member Gary Monahan
Abstained: Board Member Andy Dunn, Board Member Tom Hatch

IV. PUBLIC COMMENTS

Any person wishing to address the Oversight Board on any matter, whether or not it appears on this agenda, is requested to complete a "Request to Speak" form, available at the door and with the Secretary. The completed form is to be submitted to the Secretary prior to an individual agenda item being heard by the Oversight Board. No action will be taken on any item not on the agenda unless the Oversight Board makes a determination that an emergency exists or that the need to take action on the item rose subsequent to the posting of the agenda. Public comments shall be limited to a maximum of three (3) minutes per person and an overall time period of 15 minutes for items not considered on the regular agenda.

V. OLD BUSINESS

1. Finance Update regarding Correspondence with the State Department of Finance (DOF)

Finance and I.T. Director Bobby Young provided an update and presented email correspondence to and from the DOF regarding the 1st ROPS (January to June 2012) and 2nd ROPS (July to December 2012). Staff agreed to do away with a couple of small outstanding loans that the State wanted removed; both ROPS were approved by the DOF. Staff was moving forward with the Agency loan from the City, which had been included in the 2nd ROPS and approved by the County and the State. Auditors from Macias, Gini and O'Connell would be reporting their findings to the State.

Member Andy Dunn asked staff to elaborate on the State's exception that was referenced on their correspondence dated May 27, 2012 (January to June 2012 ROPS shown as Rental Revenue Agreement for \$90,600). Mr. Young explained that the rental revenue agreement for the Costa Mesa Family Village (Shappell) multi-housing project had not been included in the ROPS because it was an activity of the newly created Housing Authority and it was not Redevelopment Agency property. Ms. Brady added that revenue from the Costa Mesa Family Village project (a project from the 1980's) was going into the City for affordable housing long-term ground leases and the underlying fee (confirmed through a chain in title review), was held by the Costa Mesa Housing Authority. Mr. Young mentioned the rental revenue agreement would be removed from any future ROPS.

Chair Jim Righeimer echoed his comments from the June 12, 2012 Special Joint meeting and commended staff on the color-coded City-Agency loan flow chart that spoke volumes. Ms. Brady stated Costa Mesa met the two AB 126 exceptions because it had a loan within 2 years of creation of the Agency and the original plan (adopted in 1972), contemplated the loan. Ms. O'Donoghue added the elements were met due to inclusion of all the promissory notes that supported the flow chart.

Mr. Young reported the State Board would be reviewing ROPS every 6 months; therefore, in the next months staff would be preparing the ROPS for the remainder of the 2012-2013 fiscal year.

Chair Jim Righeimer asked if there was any other correspondence. Mr. Young reported the first disbursement from the Trust Fund (\$1,500,000.00) had been received and staff was working with the reconciling challenges of understanding how the County had come up with the disbursement. Ms. O'Donoghue mentioned staff had positioned the cash for a few years; therefore, since low-mod funds had been earmarked the new infusion was not needed. Ms. Brady reported that in order to authorize payment, items needed to be on the ROPS.

MOTION: Receive and file. Moved by Vice Chair Jeff Trader, second by Board Member Dan Baker.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Jeff Trader, Board Members Rick Francis, Dan Baker, Andy Dunn, Tom Hatch, Gary Monahan

Noes: None

Absent: None

Abstained: None

VI. NEW BUSINESS

1. Consideration of A Resolution Adopting Conflict of Interest Code

Ms. Brady summarized the staff report and recommended the Oversight Board approve the resolution adopting the City of Costa Mesa's Conflict of Interest Code. She briefed the Board on an opinion letter issued by the Fair Political Practices Commission (FPPC) that contained new portions pertaining to political contributions under the Political Reform Act. She reported that persons who made political contributions of \$250 or more could cause a potential conflict of interest. The opinion applied to Oversight Board members; therefore individual line-items within the ROPS that received political contributions would need to be reviewed and Board Members possibly abstain. The FPPC had decided to subject the Oversight Board to the same rules as the regular City Council.

MOTION: Adopt Resolution of the Oversight Board of the Successor Agency to the Costa Mesa Redevelopment Agency adopting Conflict of Interest Code. Moved by Chair Jim Righeimer, second by Board Member Gary Monahan.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Jeff Trader, Board Members Rick Francis, Dan Baker, Andy Dunn, Tom Hatch, Gary Monahan

Noes: None

Absent: None

Abstained: None

2. Agreement for Professional Legal Services

Ms. Brady provided background information and stated that Stradling, Yocca, Carlson and Rauth had a contract with the former Costa Mesa Redevelopment Agency and

the City of Costa Mesa that was being upgraded to include the Successor Agency and the newly formed Housing Authority (hourly rates had remained intact). Chair Jim Righeimer asked if the contract was the same contract approved at the Special Joint Meeting of June 12, 2012. Ms. Brady responded affirmatively.

Board Member Andy Dunn asked how Ms. Brady served the City and the Oversight Board. Ms. Brady clarified she was not Counsel to the Oversight Board and that she served in the capacity of Counsel to the Successor Agency only. Board Member Andy Dunn asked if the Board needed to recognize that Ms. Brady did not represent the interest of the Oversight Board. Ms. Brady concurred and provided additional insight.

MOTION: Approve Professional Services Agreement City of Costa Mesa by and among the City of Costa Mesa, the City of Costa Mesa Acting as Successor Agency to the Costa Mesa Redevelopment Agency, the Costa Mesa Housing Authority and Stradling, Yocca, Carlson & Rauth. Moved by Chair Jim Righeimer, second by Board Member Andy Dunn.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Jeff Trader, Board Members Rick Francis, Dan Baker, Andy Dunn, Tom Hatch, Gary Monahan
Noes: None
Absent: None
Abstained: None

3. Agreement for Professional Financial Services

Budget Analyst Alma Penalosa presented the staff report and stated Keyser-Marston had been the City's financial consultant since the early 1990's. Their hourly rates were intact and the renewal contract, which was a joint contract between the City of Costa Mesa, the Successor Agency and the Costa Mesa Housing Authority, included additional items pertaining to the Neighborhood Improvement Task Force and a supportive housing project. Ms. Brady mentioned new funding would be coming via the ROPS.

MOTION: Approve Professional Services Agreement City of Costa Mesa for financial, land use, and neighborhood improvement consulting services by and among Keyser Marston Associates, Inc., the City of Costa Mesa ("City"), the City of Costa Mesa as Successor Agency to the Costa Mesa Redevelopment Agency ("Successor Agency"), and the Costa Mesa Housing Authority ("CMHA"), for an amount not to exceed \$100,000 for the period of July 1, 2012 through June 30, 2013 with three (3) one year renewals. Moved by Board Member Andy Dunn, second by Board Member Dan Baker.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Jeff Trader, Board Members Rick Francis, Dan Baker, Andy Dunn, Tom Hatch, Gary Monahan
Noes: None
Absent: None
Abstained: None

VII. CHAIR AND BOARD MEMBER'S COMMENTS AND SUGGESTIONS

Board Member Dan Baker thanked Finance and I.T. Director Bobby Young and staff for an outstanding job on the timeline for the City-Agency loan. Board Member Baker added that without staff's help they would not have received State approval on the City-Agency loan.

Chair Jim Righeimer asked how often the Oversight Board would have to meet. Ms. Brady stated that since the administrative budget and the ROPS were due every six months, the Oversight Board would not have to meet until September or October. Ms. Brady provided an update regarding an existing budget trailer bill.

VIII. ADJOURN – Chair Jim Righeimer adjourned the meeting at 2:44 p.m. to the next regularly scheduled meeting on Thursday, July 19, 2012.