

**City of Solana Beach**  
**Oversight Board of the Successor Agency for the Solana Beach Redevelopment Agency**  
**SPECIAL MEETING**

**MINUTES**

*Minutes are a summary of discussions and resulting actions.*

**Thursday, April 12, 2012**  
**5:30 P. M.**

City Hall, 635 S. Highway 101, Solana Beach, California And  
Teleconference Location (Sheres) Mammoth Mountain Inn at Mammoth Lakes, CA

**CALL TO ORDER AND ROLL CALL:**

Present: Thomas Golich (City of Solana Beach), Doug Sheres (San Diego County of Supervisors Representative), David Ott (Solana Beach City Manager), Timothy P. Coughlin (San Diego County Board of Supervisors), Myeshia Armstrong (Ca. Community colleges, MiraCosta), Jeanne Deaver (Santa Fe Irrigation District), Carlos Estrella (San Diego County Board of Education/Solana Beach School District).

Also Present: Kendall D. Berkey (Counsel), Johanna Canlas (City Attorney), Angela Ivey (City Clerk), Marie Berkuti (Finance Manager).

The meeting started at 4:30 p.m.

**CHAIR AND BOARDMEMBERS' COMMENTS**

**PUBLIC COMMENT** (limited to 3 minutes per speaker) None

**BOARD BUSINESS**

**1. Introductions and Administration of Oath of Office.**

Recommended Action:

- a. Formal introductions of Oversight Board Members and administration of the Oath of Office by Solana Beach City Clerk.

Angela Ivey, City Clerk, administered oaths to all members, except Mr. Ott, whose oath was already taken.

**2. Overview of AB X1 26, the Role of the Oversight Board and applicability of the Brown Act, Public Records Act, and the Political Reform Act**

Kendall Berkey, Counsel, stated that AB x1 26 was enacted along with a companion bill AB x1 27 with the stated intent to alleviate some of the state's financial issues, all RDA activities froze, that all Redevelopment agencies were dissolved as of February 1<sup>st</sup>, Successor Agencies (SA) were put into play to wind down the affairs of the Redevelopment Agencies and enforce enforceable obligations, contractual obligations, and pay down loans. She said that AB x1 27 was found unconstitutional claiming unlawful taking of funds. the timing and extension of the modified deadlines, that the deadlines for reporting the ROPS were important since the county needed the data in

order to take action on property taxes, that all rights of the RDA had been vested in the SA, the Oversight Board was intended to provide oversight of the activities of the SA, the board was made up of 7 members with terms that would last until all indebtedness was paid off or a when there was one SA in the county representing all SA's. She stated that the ROPS needed to be approved every 6 months, that certain agreements would be presented for approval between the City and the SA, that the Board's duties were to the taxing entities, the members served at the pleasure of the appointing entity, and they were immune from actions taken for carrying out their duties. She stated that members were subject to the Brown Act regulating open meetings, the Public Records Act, and the Political Reform Act requiring the filing of Form 700. She continued stating that their purpose was to review and honor the Agency's enforceable obligations, that the SA was obligated to honor the former RDA obligations, and that the review would include confirming how much was necessary to pay the obligations. She continued that the right of the Oversight Board was to direct the SA to transfer housing functions and obligations, liabilities and assets for the housing portion, the City had already established a Housing Agency to account for that function, they had the right to terminate certain agreements and approve the City's SA agreements, all Oversight Board actions were subject to review by the State Department of Finance, who could exercise within 3 business days of the action of SA and then take 10 days to review the matter, that the Dept. of Finance could approve or send back items for reconsideration, and that City Staff of the SA served as the Staff of Oversight Board for performance of duties.

Johanna Canlas, City Attorney, stated that Staff was answerable to the City Manager, and that all SA Staff funneled information through the City Manager, who would be the intermediary between the Board and Staff.

Kendall Berkey, Legal Counsel, stated that a majority of the members had to be present in order to meet, that votes required 4 members of the Board and not just a majority of who was present at a meeting, and that certain items were complicated and convoluted and therefore interpreted differently by various entities and agencies.

Boardmember Golich asked if the SA board was the former RDA board.

Kendall Berkey, Legal Counsel, confirmed that they were the same members since Council served as the Board of the RDA, the City was able to elect to establish a SA, and that some items would come before the Board that were statutory obligations items and required do be submitted for approval for the Oversight Board to be final.

Johanna Canlas, City Attorney, stated they were required to file the Form 700, complete required ethics training, comply with the Brown Act, that business should only be conducted in during public meetings, reviewed the prohibition of serial meetings, that that general provisions of the Brown Act should be followed, Staff would handle all noticing requirements so that they were satisfied, that it was incumbent upon members to discuss with Counsel regarding any monetary interest that may present any conflicts, which was important since penalties could include criminal sanctions, and that records would be maintained and provided for any public requests. She said that this RDA was a young RDA and that there were no assets.

### 3. Election of Board Chair and Vice Chair.

Recommended Action:

- a. Elect one member to serve as Chair and elect one member to serve as Vice Chair of the Oversight Board to the Successor Agency of the Solana Beach Redevelopment Agency.

Motion by Boardmember Ott and Second by Boardmember Sheres to nominate Thomas Golich as the Chair. **Motion carried unanimously.**

Motion by Boardmember Ott and Seconded by Chairman Golich to nominate Doug Sheres as the Vice Chair. **Motion carried unanimously.**

### 4. Overview of Former Solana Beach Redevelopment Agency

Marie Berkuti, Finance Manager, stated that the Redevelopment Agency (RDA) was established in 2003 and project area in 2004, that the boundary the Highway 101 corridor from the northern part thru Dalia St., the N. Cedros Ave. area, and the Eden Gardens area. She said that the RDA issued bonds in June 2006 in the amount of a \$3,555,000 tax increment bond and that the interest rate was 3.6-5.1%, that on June 2011 that outstanding amount was \$3.3 million, that the annual average debt payment was around \$230,000 per year, and that the reserves were \$235,000. She stated that the projects were partially funded by the RDA and included Fletcher Cove Park Improvements, Fletcher Cove Community Center, Cliff St. Pedestrian bridge, La Colonia Parking lot improvements, La Colonia Park Improvements, Highway 101 Streetscape Improvements, and S. Sierra low-income multi-residential use project.

Boardmembers and Staff discussed that fact that some projects were funded in small portions and some were larger from the RDA, a request for a list of the projects to be provided, that none of the projects were 100% funded by the RDA, that RDA financial statements were listed on the City's website, showed an illustration of property tax distributed pre AB x1 26 and post AB x1 26, that the San Diego Auditor and Controller would pay for their administrative costs first, then pay pass-throughs, then enforceable bonds, then administrative loans, then the State Controller for oversight, and that any remaining funds would be distributed to the tax agency.

Discussion continued regarding the funds sitting in a money market fund were those set aside as trust money held by the trustees for bond proceeds, that the RDA did not draw down on money spent until last year to pay off funds advanced by the City, that it would have ideally been done on an ongoing basis but that last year it had to catch up, and that the bond was secured with a 80% tax increment.

### 5. Approving the First and Second Successor Agency Administrative Budgets For The Periods Ending June 30, 2012 and December 31, 2012, the First and Second Recognized Obligation Payment Schedules And Making Related Findings And Declarations And Taking Related Actions In Connection Therewith.

Boardmembers and Staff discussed exhibits of the Staff Report regarding the filing forms and the expenditures, that costs were front loaded, that the agency had not received funds that would have otherwise been received, that the agreement with the City would be intended to provide advancement of funds to cover the short fall, that the minimum cost allowance per AB x1 26 for administrative costs was \$250,000 a year at this time, and could be assessed as high as 5% of the property tax allocation, and that there would be different minimum allocations for administrative costs.

Recommended Action:

- a. Adopt **Resolution OBSA-001** approving the administrative budgets for the periods ending June 30, 2012 and related findings.

Motion by Boardmember Golich and Second by Boardmember Coughlin. **Motion carried unanimously.**

- b. Adopt **Resolution OBSA-002** approving the first recognized obligation payment schedule and making related findings.

Motion by Boardmember Coughlin and Second by Boardmember Armstrong. **Motion carried unanimously.**

- c. Adopt **Resolution OBSA-003** approving the second Successor Agency Administrative Budgets for the period ending December 31, 2012 and making related findings.

Motion by Boardmember Estrella and Second by Boardmember Ott. **Motion carried unanimously.**

- d. Adopt **Resolution OBSA-004** approving the second recognized obligation payment schedule and making related findings.

Motion by Boardmember Deaver and Second by Boardmember Ott. **Motion carried unanimously.**

- e. Adopt **Resolution OBSA-005** approving the loan agreement between the City of Solana Beach and the Successor Agency for the Solana Beach Redevelopment Agency to pay certain enforceable obligations.

Motion by Boardmember Coughlin and Second by Boardmember Deaver. **Motion carried unanimously.**

## **7. Discuss legal counsel appointment**

Recommended Action:

- a. Retain Kendall D. Berkey of Kane, Ballmer & Berkman as as-needed General Counsel to the Oversight Board for the Successor Agency for the Solana Beach Redevelopment Agency subject to the approval of the legal

professional services agreement by the City Council acting in its capacity as the Successor Agency.

- b. Adopt **Resolution OBSA-006** appointing Kane, Ballmer, & Berkman as Legal Counsel subject to the Professional Services Agreement approval by the Successor Agency.

Motion by Boardmember Coughlin and Second by Boardmember Armstrong. **Motion carried unanimously.**

## **6. Oversight Board Meeting Schedule**

Recommended Action:

- a. Set the regular meetings for the 2<sup>nd</sup> Thursday of the month at 5:30 p.m. to be held at City Hall, 635 S. Highway 101, Solana Beach, CA 92075.

Discussion ensued regarding setting a regular meeting schedule resulting in consensus reached to set the regular meeting for the 2<sup>nd</sup> Thursday of each month at 4:30 p.m.

- b. Adopt **Resolution OBSA-007** establishing the time, day, and place of Regular Meeting of the Oversight Board.

Motion by Boardmember Coughlin and Second by Boardmember Ott. **Motion carried unanimously.**

### **ADJOURN:**

Chairman Golich adjourned the meeting at 7:30 p.m.

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Angela Ivey, City Clerk

Approved: August 23, 2012