

**SPECIAL JOINT MEETING OF THE COSTA MESA HOUSING AUTHORITY,
COSTA MESA CITY COUNCIL AND THE CITY COUNCIL ACTING
AS SUCCESSOR AGENCY TO THE COSTA MESA
REDEVELOPMENT AGENCY**

JUNE 12, 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 Costa Mesa Housing Authority, City Council and City Council Acting as Successor Agency to the Costa Mesa Redevelopment Agency met in a Special Joint Meeting held on Tuesday, June 12, 2012, in the Costa Mesa Council Chambers of City Hall, 77 Fair Drive, Costa Mesa.

Chair Jim Righeimer called the meeting to order at 6:30 p.m.

I. ROLL CALL

Members Present: Chair/Mayor Pro Tem Jim Righeimer
 Vice-Chair/Council Member Stephen Mensinger
 Board Member/Mayor Eric Bever
 Board/Council Member Wendy Leece
 Board/Council Member Gary Monahan

Officials Present: Tom Hatch, Executive Director/CEO
 Peter Naghavi, Director of Economic and
 Development / Deputy CEO
 Ernesto Munoz, Public Services Director
 Bobby Young, Finance and I.T. Director
 Colleen O'Donogue, Assistant Finance Director
 Hilda Veturis, Management Analyst
 Vanessa Locklin, Stradling Yocca Carlson & Rauth
 Kathe Head, Economic Consultant
 Martha Rosales, Recording Secretary

II. CLERK'S STATMENT

The Agenda and Notice and Call for the Special Joint Meeting of the Costa Mesa Housing Authority, City Council and the City Council Acting as Successor Agency to the Costa Mesa Redevelopment Agency was posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, Neighborhood Community Center and the Mesa-Verde Public Library on Thursday, June 7, 2012.

III. MINUTES

1. Regular meeting of the Costa Mesa Housing Authority of April 3, 2012

MOTION: Approve the Minutes from the April 3, 2012 Housing Authority meeting. Moved by Chair Jim Righeimer, second by Board Member Wendy Leece.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Stephen Mensinger, Board Member Eric Bever, Board Member Wendy Leece, Board Member Gary Monahan

Noes: None

Absent: None

IV. PUBLIC COMMENTS

Chair Jim Righeimer opened the session for public comments. There being none, the public comments session was closed.

V. BOARD MEMBER'S COMMENTS AND SUGGESTIONS - None

VI. NEW BUSINESS

1. Agreement for Professional Legal Services

Ms. Ullman presented the staff report and gave a narrative of the various services Stradling, Yocca, Carlson & Rauth had provided to the City since 1986. Ms. Ullman added that Shareholder and Lead Partner, Celeste Brady, had provided several years of special counsel services in Redevelopment, affordable housing, public finance and other public law matters. Ms. Ullman recommended the City enter into a professional legal services agreement with Stradling, Yocca, Carlson & Rauth.

MOTION: Voting as the Housing Authority, the City Council and the City Council Acting as Successor Agency to the Costa Mesa Redevelopment Agency, approve Agreement for Professional Legal Services with Stradling, Yocca, Carlson & Rauth. Moved by Board Member Gary Monahan, second by Vice-Chair Stephen Mensinger.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Stephen Mensinger, Board Member Eric Bever, Board Member Wendy Leece, Board Member Gary Monahan

Noes: None

Absent: None

2. Agreement for Professional Financial Consulting Services

Executive Director Tom Hatch presented the staff report and stated the agreement was to continue financial consulting services with Keyser-Marston Associates, Inc., a top-notch financial analysis firm who had provided a variety of services to the City for many years. Mr. Hatch stated the contract (up to \$100,000 annually) was for 1 year with three (3) one year renewals. Mr. Hatch recommended the City approve the contract for financial consulting services with Keyser-Marston Associates, Inc.

MOTION: Voting as the Housing Authority, the City Council and the City Council Acting as Successor Agency to the Costa Mesa Redevelopment Agency, approve Agreement for Financial Consulting Services with Keyser-Marston Associates, Inc. Moved by Board Member Gary Monahan, second by Board Member Eric Bever.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Stephen Mensinger, Board Member Eric Bever, Board Member Wendy Leece, Board Member Gary Monahan

Noes: None

Absent: None

3. Update on Correspondence with the State Department of Finance

Finance and I.T. Director Bobby Young presented the staff report. He reported both ROPS (Recognized Obligation Payment Schedules) for the periods of January through June 2012 and July through December 2012 had been approved by the State Department of Finance and commended staff on a job well done completing the task. The State had also approved the City-Agency loan that was on the Second ROPS (July through December 2012) - staff was cautiously optimistic that the loan would remain on the ROPS and be paid. Macias Gini & O'Connell (auditors contracted by the State) had completed their audit that included the EOPS (Enforceable Obligation Payment Schedule) and ROPS. An exit conference was scheduled for later in the week and more information would be available at the June 21, 2012 Oversight Board meeting.

Chair Jim Righeimer commended Mr. Young and staff on doing a phenomenal job compiling the color-coded flow chart for the original 1971 City-Agency loan. At a time when Board Members thought the money would be gone, staff's efforts saved the City \$10 million dollars.

Board Member Eric Bever echoed Chair Jim Righeimer's comments and thanked staff for a great job documenting the obligation payment schedules as well.

Board Member Wendy Leece also commended staff on their phenomenal work. She asked if the ROPS would be submitted to the State Department of Finance twice a year for review. Mr. Young reported that work on the ROPS for the period of January through June 2013 would begin in September 2012. Staff would then update the ROPS every 6 months for each period and address items for reimbursement.

Board Member Wendy Leece requested that copies of the Oversight Board's Agendas and Minutes be provided to the Council to keep them informed. Recording Secretary Martha Rosales assured Board Member Leece that her request would be handled accordingly. Board Member Wendy Leece asked if the Oversight Board had approved the EOPS and ROPS. Chair Jim Righeimer (Chair of the Oversight Board) gave a brief summary of what took place at the Oversight Board meetings and confirmed that the EOPS and ROPS had been approved by the Oversight Board. Mr. Young asked if the Board wanted the matter agendaized for future meetings or if they preferred receiving correspondence after each Oversight Board meeting. Chair Jim Righeimer opted for receiving correspondence after each Oversight Board meeting.

MOTION: Voting as the Housing Authority, the City Council and the City Council Acting as Successor Agency to the Costa Mesa Redevelopment Agency, receive and file the Update on Correspondence with the State Department of Finance. Moved by Board Member Eric Bever, second by Vice-Chair Stephen Mensinger.

The motion carried by the following vote:

Ayes: Chair Jim Righeimer, Vice Chair Stephen Mensinger, Board Member Eric Bever, Board Member Wendy Leece, Board Member Gary Monahan
Noes: None
Absent: None

ADJOURN THE CITY OF COSTA MESA ACTING AS SUCCESSOR AGENCY MEETING AND CONTINUE SPECIAL JOINT MEETING OF THE COSTA MESA HOUSING AUTHORITY AND COSTA MESA CITY COUNCIL

I. NEW BUSINESS

1. HOME Program Cooperation and Funds Commitment and Reservation Agreement

Ms. Ullman presented the staff report. She stated that in 2009, the City had committed approximately \$400,000 of HOME funds to the Harper's Pointe project. The project was cancelled due to the developer's failure to obtain the necessary tax credit allocations. In addition, there was an unanticipated surplus of funds due to a reduction in Housing Rehabilitation staff. Funds not committed by the obligation date of June 30, 2012, would be recaptured by the Treasury Department. Since there was a 24-month clock associated with the HOME funds, the City was required to undertake housing projects and programs on a regular basis in order to establish a commitment. Aside from the housing rehabilitation loans, there were currently no affordable housing projects. Based on the recommendations of the Homeless Task Force, Goal 6 consisted of researching supportive housing for Costa Mesa residents; HOME funds, along with funds available for the 2012 fiscal year could be used for a future affordable housing project. Staff had obtained approval from HUD to utilize a fund reservation agreement for the Housing Authority as a means to preserve the HOME funds. If the Council and the Housing Authority decided to amend the purpose of the future, HUD would need to approve the new use and staff would return to the Council and Housing Authority with an amendment. Ms. Ullman concluded her presentation and emphasized that the agreement was only for fund reservations; no funds would be expended or projects considered without Council approval

Member Wendy Leece asked if there was an expenditure deadline for the funds. Ms. Ullman said HOME funds had a 5-year clock (2 years commitment period and 3 years expenditure period). The current funds had a 3-year expenditure period and after July 1, 2012 there would be additional funds. Staff would combine the funds from the existing year with the funds from the new fiscal year and request permission from the Council to do a housing strategy with the knowledge that staff

would have to come up with a project, a developer and Council consensus within a 3-year period.

Member Wendy Leece asked Ms. Ullman to explain why transitional supportive housing was an effective strategy for helping Costa Mesa residents or local homeless persons. Ms. Ullman explained homelessness was a complex problem that involved the integration of different parties, jurisdictions and resources - strong police work and legal teams as well as mental health – with the biggest issue being housing. She referenced an article in the Los Angeles Times regarding a supportive housing pilot project in Los Angeles that had saved the City hundred of thousands of dollars in police and fire calls. Ms. Ullman mentioned that by mid-summer the City would have sufficient funds for a multi-tiered affordable housing strategy. The first tier would consist of getting Costa Mesa residents off the street by starting a pilot program (similar to the tenant-based rental assistance program the City had 15 years ago) with 10 families and a non-profit organization that would help run the program. The second tier would consist of a supportive housing project with the possible acquisition of a blighted motel or another housing location that would not have a negative impact on a neighborhood.

Member Wendy Leece asked if having a supportive housing project included vouchers. Ms. Ullman advised that staff was looking into vouchers and working on developing a program.

MOTION: Voting as the Housing Authority and the City Council, approve the HOME Program Cooperation and Funds Commitment and Reservation Agreement to commit any 2009 and 2010 HOME funds remaining at the end of Fiscal Year 2011-12 to the Costa Mesa Housing Authority (approximately \$660,000), and funds to be committed for future appropriation to a supportive housing project and possible access center pursuant to Goal 6 of the City’s Homeless Task Force recommendations. Moved by Member Gary Monahan, second by Vice-Chair Stephen Mensinger.

The motion carried by the following vote:

Ayes: Mayor Gary Monahan, Mayor Pro Tem Jim Righeimer, Vice Chair Stephen Mensinger, Board Member Wendy Leece

Noes: Board Member Eric Bever

Absent: None

II. REPORTS

1. City Council Attorney/Housing Authority General Counsel - None
2. Chief Executive Officer/Housing Authority Executive Director - None

III. ADJOURN – meeting was adjourned at 6:47 p.m. to the next Housing Authority meeting of Tuesday, July 10, 2012.