

**ACTION MINUTES
OF THE
FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS' MEETING
January 12, 2006**

Approved

1. CALL TO ORDER AND ROLL CALL FOR VOTING MEMBERS

Chair/Mayor Mettee-McCutchon called the meeting to order at 3:55 pm when the following members, representing a quorum, were present:

Voting Members

Chair/Mayor Mettee-McCutchon (City of Marina)	1 st Vice Chair/Mayor Russell (City of Del Rey Oaks)
2 nd Vice Chair/Mayor Rubio (City of Seaside)	Mayor Costello (City of Pacific Grove)
Supervisor Smith (County of Monterey)	Mayor McCloud (City of Carmel-by-the-Sea)
Mayor Pendergrass (City of Sand City)	Councilmember Mancini (City of Seaside)
Councilmember Morrison (City of Marina)	Supervisor Calcagno (County of Monterey)

Mayor Albert (City of Monterey) arrived shortly after the Closed Session was convened. Absent were Supervisor Potter (County of Monterey) and Councilmember Sanchez (City of Salinas).

2. CLOSED SESSION

The Closed Session item was a Conference with Real Property Negotiators regarding the price and terms of agreement of the Early Transfer/Environmental Services Cooperative Agreement ("ET/ESCA") parcels.

3. ROLL CALL FOR ALL MEMBERS AND REPORT FROM CLOSED SESSION

The eleven voting members present for the Closed Session were present at this time. Supervisor Potter and Councilmember Sanchez were still absent. Ex-Officio members present were:

Rito Guerra (15 th State Senate District)	Dan Johnson (CSUMB)
Alec Arago (17 th Congr. District)	Dr. Carl Ehmann (Monterey Peninsula College)
Dr. John Lamb (MPUSD)	Hunter Harvath (Monterey-Salinas Transit)
Debbie Hale (TAMC)	Lora Lee Martin (UC MBEST)
COL Jeffrey Cairns (U.S. Army)	Rob Robinson (BRAC Office)

Absent were the representatives from the 27th State Assembly District and Marina Coast Water District.

With a quorum present, Chair Mettee-McCutchon opened the meeting. Executive Officer Houlemard reported out of the Closed Session that the ESCA technical discussions were progressing and board members received had updates from staff and legal counsel and had given direction on how to proceed.

4. PLEDGE OF ALLEGIANCE

Chair Mettee-McCutchon asked all to join her in the Pledge of Allegiance.

5. ACKNOWLEDGEMENTS

Chair Mettee-McCutchon asked if Councilmember Morrison had a motion to add an agenda item. **Motion to add an urgency item to the agenda for an outstanding individual who is present was made by Councilmember Morrison, seconded by Mayor Mettee-McCutchon, and carried.** Executive Officer Houlemard asked Mike Armstrong, soon to leave public service and Marina Coast

Water District ("MCWD") as its General Manager, to come to the podium, while he read the Certificate of Appreciation and Commendation. Mr. Armstrong spoke briefly, sharing his appreciation and pleasure working with the Board and FORA staff, especially commending the staff for their close and productive working relationship with MCWD. **Motion to approve this certificate/resolution was made by Mayor Rubio, seconded by Supervisor Smith, and carried.**

6. PUBLIC COMMENT PERIOD

Ron Chesshire from the Monterey/Santa Cruz Counties Building & Construction Trades Council invited all to attend the Fort Ord and Construction Trades Conference reception on January 26th from 5:00 – 8:00 pm at the Del Monte Golf Course Pavilion and also the Conference on January 27th from 8:00 – 1:30 at the Hyatt Regency Hotel.

7. CONSENT AGENDA

There were two items on the Consent Agenda: Item 7a (Action Minutes of December 9, 2005 Board Meeting) and Item 7b (Contract Extension for Annette Yee & Company). **Motion to approve Items 7a and 7b was made by Councilmember Mancini, seconded by Councilmember Morrison, and carried.**

8. OLD BUSINESS

Item 8a – County of Monterey's East Garrison Project

Item 8a(i) - Memorandum of Agreement – Fort Ord Reuse Authority, The Monterey County Redevelopment Agency, and East Garrison Partners I, LLC: Executive Officer Houlemard summarized the land sales proceeds issue and the resolution of terms in this Memorandum of Agreement ("MOA"), assisted by a short PowerPoint presentation. He called attention to the current draft of the MOA and its related resolution, which had been distributed to the board members at the board table. Board discussion followed: Mayor McCloud asked who wrote the findings (Counsel for the developer, which was reviewed by Authority Council). Paul Greenway from the County Public Works Department said he had no further comments to make and would be available to answer any questions. Mayor McCloud expressed concern about the "seriously flawed process" and the fact that the Finance Committee, which she chairs, had not reviewed the current draft of the document; but she added that the project needs to move forward. Councilmember Morrison, Supervisor Smith, and Councilmember Mancini indicated respect for Mayor McCloud's concerns but remarked that the changes in the MOA were non-substantive. Mayor Costello shared his philosophical differences but stated that he would vote to move ahead with this project. Director Martin shared concerns about the process and asked if there had been any written confirmation that the bank would provide the loan; Executive Officer Houlemard said staff has a high level of confidence that the loan will be approved. Director Martin asked if deconstruction would proceed if the loan weren't approved, and Mr. Houlemard responded that the line of credit (Item 9b), if approved, and a separate agreement with University Village and Marina would cover any temporary funding deficits. Ms. Martin requested that a summary presentation of all FORA cash flow obligations be provided to the Board. Mayor Rubio urged moving ahead with approval of the MOA. Mayor McCloud expressed concerns about the impacts on other jurisdictions' projects in the event the East Garrison project goes "sour" and added the Board should "think the unthinkable." There were no public comments. Mayor Albert asked Authority Counsel Bowden for his legal "comfort level" of the MOA. Mr. Bowden advised the board to consider the kind of precedent approving this MOA was setting and the ramifications of the staff recommendation, even though the document passes all legal muster and solves certain problems. If permitting a jurisdiction to delay payment of land sale proceeds normally due at the time the property transfers is to be a board policy, he advised the members to consider amending the Implementation Agreements. **Motion to approve the MOA among the FORA, the East Garrison Partners, and the Monterey County Redevelopment Agency regarding FORA's basewide funding obligations was made by Councilmember Morrison and seconded by Mayor Rubio.** Mayor Rubio stated that

he hoped the resolution of the funding problem would not be a model for the future and this matter should be avoided and taken as a lesson learned. Supervisor Smith thanked the board members for their comments and agreed that this was a learning process and not a model the Board would want to pursue in the future. **Mayor McCloud requested that the motion be amended to incorporate Authority Counsel's cautionary advice, which he will memorialize in writing (see attachment to these minutes).** Councilmember Morrison and Mayor Rubio had no objections to this amendment. Mayor McCloud also asked if a month's delay to decide this approval would be prudent, and there was no response from the Board. **The vote was called and the motion carried.**

Item 8a(ii) – CONSISTENCY DETERMINATION: County of Monterey's East Garrison Project: Director of Planning and Finance Steve Endsley said there would be no formal presentation, since a detailed one had previously been given to the Board. He noted that the County had approved the current draft of the resolution, which now included FORA's status as the responsible and lead agency and also the CEQA language. Board comments included the following: Director Arago remarked that the supporting documentation represented a quality analysis and deserves the Board's approval. There were no public comments. **Motion to approve the revised Resolution #06-1, including the draft of Exhibit A, both of which had been distributed to the board members at the board table, concurring in Monterey County's determination and making a finding that the Specific Plan for East Garrison, General Plan and Zoning Amendments and the Disposition and Development Agreement regarding the East Garrison entitlement, covering areas within the FORA's jurisdiction, are consistent with the Fort Ord Base Reuse Plan was made by Mayor Rubio and seconded by Supervisor Smith.** Several board members made general comments. **A vote was called and the motion passed.** (Supervisor Calcagno and Director Arago left the meeting at this time, but a quorum was still present.)

Item 8b – Fort Ord Reuse Authority Mid-Year Budget Update: Executive Officer Houlemard made general comments and turned the presentation over to Controller Ivana Bednarik, who summarized the changes in the budget, which she had described in her board report. Mayor McCloud asked if Del Rey Oaks would be paying the interest costs of the loan (see Item 9a) and the reply was no, as noted in the 2005 FORA/Del Rey Oaks. There were no public comments.

Item 8c – Early Transfer/Environmental Services Cooperative Agreement (ET/ESCA) – Progress Report: Real Property and Facilities Director Stan Cook summarized recent events, which included the technical discussions with the U.S. Army on January 11 and 12, 2006, which were primarily focused on the cost figures. He said that significant progress had been made related to the legal agreements, line item cost analysis, and funding flow. Chair Mettee-McCutchon added that additional meetings with the U.S. Army are being scheduled for February 1st or 2nd, and a final decision is expected then or soon thereafter.

Item 8d – Habitat Conservation Plan Approval Process – Status Reports: Director of Planning and Finance Steve Endsley said he would have a detailed report for the February board meeting. Chair Mettee-McCutchon said she would like a progress report from the consultants.

Item 8e – 2006 U.S. Army Burn Plans: BRAC Analyst Rob Robinson said this Army burn would be on only 60 acres and it would last about three hours. No relocation program is planned. A public comments period has been scheduled from January 27 – February 27, and a public meeting will be held in the Oldemeyer Center in Seaside on February 15th. Additional details were in the board report, which had been prepared by the BRAC Office. Councilmember Mancini asked for a clarification of the burn site. Executive Officer Houlemard commented that the Air Board (Monterey Bay Unified Air Pollution Control District) classifies 60 acres as a "small" burn, which has different guidelines than larger burns. (Graham Bice replaced Director Martin at the board table, when she left the meeting.)

9. NEW BUSINESS

Item 9a – Authorize Use of Fort Ord Reuse Authority's Funds for a Portion of Pollution Legal Liability Loan Payment: Executive Officer Houlemard stated that the agreement provides that the Del Rey Oaks developer, Federal Development, LLC, pay the Del Rey Oaks portion of these principal payments but had

informed FORA that the funds would not arrive before the January 15, 2006 deadline. Mayor McCloud asked what the cost to FORA would be, and FORA Controller Ivana Bednarik replied that this information would have to be supplied later. She added that FORA, in effect, been borrowing from its own reserves since last July, with minimal fiscal impact. There were no public comments. **Motion to authorize the Executive Officer to access FORA's reserves to pay for the City of Del Rey Oaks' portion of the annual principal payment on the Pollution Legal Liability loan due January 15, 2006, was made by Councilmember Morrison, seconded by Mayor Rubio, and carried.**

Item 9b – Addition of New Line of Credit with Community Bank: Director of Planning and Finance Steve Endsley gave a short summary PowerPoint presentation focusing on FORA's cash flow needs and called attention to the possible short-term and intermittent deficits caused primarily by the upfront capital improvement program funding needs. He remarked that a line of credit offered the most prudent, viable, and least expensive solution and also the most flexibility in avoiding delays to redevelopment. **Motion to approve Resolution #06-2 and authorize the Executive Officer to add a new line of credit with Community Bank in the amount of \$10 million to provide flexibility in making payments for approved Capital Improvement Program obligations was made by Councilmember Mancini and seconded by Councilmember Morrison.** Director Bice asked if FORA would have to put up collateral (no) and what the impact would be if the East Garrison project "flops." Mr. Endsley replied that no significant impact is anticipated and that a commitment from the lender had been received. There were no public comments. **The vote was called and the motion carried.** (Director/COL Cairns left the meeting during the discussion of this item.)

10. EXECUTIVE OFFICER'S REPORT

There were four items in the Executive Officer's Report: Item 10a (Administrative Committee Report), Item 10b (Finance Committee Report), Item 10c (Fort Ord Reuse Authority Investments – Quarterly Status Report) and Item 10d [Quarterly Report Dated 12/31/05 (2nd Quarter of FY '05-'06)]. Executive Officer Houlemard added that staff has appreciated all the work of the Finance Committee, particularly on the several items on this meeting's agenda and added that FORA's investment income for the fiscal year ending 12/31/05 was strong.

11. ELECTION OF FORA OFFICERS FOR 2006

Chair Mettee-McCutchon recognized Mayor Pendergrass, who had chaired the Nominating Committee. Mayor Pendergrass reported that the following board members had agreed to be nominated and to serve 2nd terms in their respective offices: Chair – Mayor Ila Mettee-McCutchon; 1st Vice Chair – Mayor Joseph Russell; 2nd Vice Chair - Mayor Ralph Rubio; Past Chair – Supervisor Jerry Smith; and Representative-at-Large – Mayor Dan Albert. There were no further nominations from the floor. **Motion to elect this slate of officers to serve a one-year term until the next election in January 2007 was made by Mayor McCloud, seconded by Supervisor Smith, and carried.** Mayor Mettee-McCutchon abstained.

12. ANNOUNCEMENTS AND CORRESPONDENCE - None

13. ADJOURNMENT

Motion to adjourn the meeting was made by Councilmember Mancini. There were numerous seconds and no objections. Chair Mettee-McCutchon adjourned the meeting at 5:50 pm.

Minutes prepared by Linda Stiehl, Deputy Clerk

Approved by _____
Michael A. Houlemard, Jr., Executive Officer/Clerk