



## GUADALUPE OVERSIGHT BOARD

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### AGENDA – REGULAR BOARD MEETING

Thursday, January 23, 2014  
at 3:00 p.m.

Council Chambers, Guadalupe City Hall  
918 Obispo Street, Guadalupe, CA 93434

#### MEMBERS:

Hugo Lara, Chair	Andrew Carter	Gina Rubalcaba
Elizabeth Miller, Vice-Chair	Dan Eidelson	William Gerald Tucker
Board of Supervisors appointee, vacant		

#### STAFF:

TBD, Legal Counsel

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1. **ROLL CALL** Hugo Lara, Elizabeth Miller, Andrew Carter, Dan Eidelson, Gina Rubalcaba, William Gerald Tucker
2. **PLEDGE OF ALLEGIANCE**
3. **COMMUNITY PARTICIPATION FORUM** – *Public Comment period is set aside to allow public testimony on items not on today's agenda and that is within the subject matter of the Oversight Board. The time allocated to each speaker will be set at the discretion of the Chair. Total time allocated for public comment is 3 minutes.*
4. **ADMINISTRATIVE ACTIONS**
  - a. Minutes for the Guadalupe Oversight Board Meeting of February 28, 2013 to be ordered filed.
  - b. Minutes for the Guadalupe Oversight Board Meeting of September 26, 2013 to be ordered filed.
  - c. Welcome new members, appoint new Secretary to the Board, and consider changes in Chair & Vice-Chair if desired.
5. **LEGAL COUNSEL**
  - a. Staff Report (Andrew Carter)
  - b. Oversight Board discussion and consideration.
  - c. It is recommended that the Oversight Board select the law firm of Carmel & Naccasha LLP to represent the Oversight Board and authorize the Board Chair to execute an Agreement for Professional Services with Carmel & Naccasha LLP.

6. **879 GUADALUPE STREET (FORMER LANTERN HOTEL)**

- a. Staff Report (Andrew Carter)
- b. Oversight Board discussion and consideration.
- c. It is recommended that the Successor Agency:
  - 1) Begin default proceedings with Lantern, LLC, the lease holder,
  - 2) Seek a professional appraisal of the property,
  - 3) Move towards liquidation of the property,
  - 4) Amend the portion of the Long Range Property Management Plan having to do with the property to reflect the above intent and submit this revision to the State Department of Finance for approval.

7. **995 GUADALUPE STREET/4646 10<sup>TH</sup> STREET (AL'S UNION PROPERTY)**

- a. Staff Report (Andrew Carter)
- b. Oversight Board discussion and consideration.
- c. It is recommended that the Successor Agency amend the Long Range Property Management Plan having to do with the property so as to allow the option to sell the property as is prior to final remediation if to do so proves to maximize the value and submit this revision to the State Department of Finance for approval.

8. **FUTURE AGENDA ITEMS**

9. **CLOSED SESSION**

GOVERNMENT CODE SECTION 54956.8: CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Instruct Successor Agency's real property negotiator regarding the price and terms of payment for the sale of real property as to one parcel.

Property: APN 115-071-001

Agency negotiator: Andrew Carter, City Administrator

Negotiating parties: Dynamic Development Company and Successor Agency to the Redevelopment Agency for the City of Guadalupe.

Under negotiation: Price and terms of sale

**CLOSED SESSION ANNOUNCEMENT**

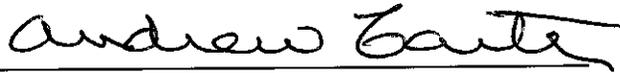
10. **ADJOURNMENT.**

**TELECONFERENCE LOCATIONS**

County of Santa Barbara, 105 East Anapamu, Santa Barbara, CA 93101 (805) 568-3400

***In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, please contact the City of Guadalupe at (805) 356-3891 at least 48 hours prior to the meeting to insure that reasonable arrangements can be made to provide accessibility to the meeting.***

*I hereby certify under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the City Hall display case, the Water Department, the City Clerk's office and Rabobank not less than 24 hours prior to the meeting. Dated this 17<sup>th</sup> day of January 2014.*



**Andrew Carter**  
**City Administrator**  
**City of Guadalupe**

GUADALUPE OVERSIGHT BOARD – FORMER CITY OF GUADALUPE COMMUNITY  
REDEVELOPMENT AGENCY

4a.

MINUTES – REGULAR BOARD MEETING

Thursday, February 28, 2013  
3:00 p.m.

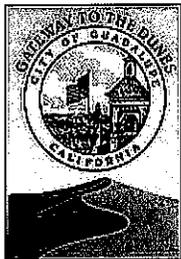
Guadalupe City Hall Council Chambers  
918 Obispo Street, Guadalupe, CA 93434 (805/356-3891)

*Meeting call to order at 3:00 p.m.*

1. **ROLL CALL.** Chandra Wallar, Frances A. Romero, William Gerald Tucker, Carolyn Galloway-Cooper, Elizabeth Miller, Hugo Lara, and Dan Eidelson.
  2. **PLEDGE OF ALLEGIANCE.**
  3. **COMMUNITY PARTICIPATION FORUM.** – *Public Comment period is set aside to allow public testimony on items not on today's agenda and that is within the subject matter of the Oversight Board. The time allocated to each speaker will be set at the discretion of the Chair. Total time allocated for public comment is 3 minutes.*
  4. **ADMINISTRATIVE ACTIONS.**
    - a. Approve Minutes from January 31, 2013 Oversight Board Meeting.
  5. **CITY OF GUADALUPE SUCCESSOR AGENCY FOR THE DISSOLVED GUADALUPE COMMUNITY REDEVELOPMENT AGENCY – RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (GUADALUPE 13-14A) AND ADOPTION OF OB RESOLUTION NO. 2013-05.**
    - a. Written Staff Report (Carolyn Galloway-Cooper)
    - b. Oversight Board discussion and consideration.
    - c. It is recommended that the Oversight Board review the report and adopt Resolution No. 2013-05 for the period of July 1, 2013 through December 31, 2013.
- MOTION TO ADOPT OB RESOLUTION NO. 2013-05 APPROVING RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 31, 2013 (GUADALUPE 13-14A) MILLER/EIDELSON***
- AYES: WALLAR, GALLOWAY-COOPER, MILLER, LARA, EIDELSON***  
***ABSENT: ROMERO, TUCKER***
6. **FUTURE AGENDA ITEMS.**
  7. **ADJOURNMENT.**

Carolyn Galloway-Cooper, Secretary

Hugo Lara, Chairman



## GUADALUPE OVERSIGHT BOARD

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### MINUTES – REGULAR BOARD MEETING

Thursday, September 26, 2013  
at 3:00 p.m.

Guadalupe City Hall Council Chambers  
918 Obispo Street, Guadalupe, CA 93434

#### MEMBERS:

Hugo Lara, Chair	Dan Eidelson
Elizabeth Miller, Vice Chair	Frances A. Romero
Carolyn Galloway-Cooper, Secretary	William Gerald Tucker
	Chandra Wallar

#### STAFF:

Rob Schultz, Legal Counsel	Andrew Carter, City Administrator
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#### 1. ROLL CALL

**Present:** Carolyn Galloway-Cooper, Elizabeth Miller, William Gerald Tucker,  
Chandra Wallar

**Absent:** Frances A. Romero, Hugo Lara, Dan Eidelson

#### 2. PLEDGE OF ALLEGIANCE.

#### 3. COMMUNITY PARTICIPATION FORUM. – *Public Comment period is set aside to allow public testimony on items not on today's agenda and that is within the subject matter of the Oversight Board*

**No public comment.**

#### 4. ADMINISTRATIVE ACTIONS.

- a. Minutes for the Guadalupe Oversight Board Meeting of August 22, 2013 to be ordered filed.

**Approved – Galloway-Cooper/Tucker, 4-0**

#### 5. CITY OF GUADALUPE SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14B) FILED FOR THE JANUARY 1, 2014 THROUGH JUNE 30, 2014 AND RESOLUTION NO. OB 2013-07. That the Oversight Board receive and approve ROPS 13-14B and adopts Resolution No. OB 2013-07.

- a. Written Staff Report (Carolyn Galloway-Cooper, Finance Director)  
b. Oversight Board discussion and consideration.

- c. It is recommended that the Oversight Board receive and approve ROPS 13-14B and adopts Resolution No. OB 2013-07.

**Approved – Tucker/Galloway-Cooper, 4-0**

**6. FUTURE AGENDA ITEMS.**

**Lantern Hotel status.**

**New County appointee to replace Wallar who leaves County employment on 10/31/13.**

**Move to Closed Session – Galloway-Cooper/Tucker, 4-0**

**7. CLOSED SESSION.**

GOVERNMENT CODE SECTION 54956.8: PROPERTY TRANSACTIONS: Instructing Successor Agency's real property negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease of real property as to one parcel.

Real Property: APN 115-071-001

Negotiating Parties: Dynamic Development Company and Successor Agency to the Redevelopment Agency for the City of Guadalupe.

Negotiations: Voluntary Purchase and Sale

**Return to Open Session – Tucker/Galloway-Cooper, 4-0**

**CLOSED SESSION ANNOUNCEMENT:**

**Direction given to seek property appraisal – Galloway-Cooper/Tucker, 4-0**

**8. ADJOURNMENT.**

**Adjourn Meeting – Galloway-Cooper/Tucker, 4-0**

**TELECONFERENCE LOCATIONS**

County of Santa Barbara, 105 East Anapamu, Santa Barbara, CA 93101 (805) 568-3400

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***I hereby certify under penalty of perjury under the laws of the State of California that the foregoing Agenda was posted at the City Hall display case, the Water Department, the City Clerk's office and Rabobank not less than 24 hours prior to the meeting. Dated this 23<sup>rd</sup> day of September 2013.***

**Andrew Carter  
City Administrator  
City of Guadalupe**

**Guadalupe Oversight Board – Meeting of 1/23/14**

**Staff Report – Item 4.c**

**Welcome new members**

**Appoint new secretary to the Board**

**Consider changes in Chair and Vice Chair if desired**

New Members

- Gina Rubalcaba: Appointed by the City Council of Guadalupe acting as the governing board of the Guadalupe Lighting District, the largest special district within the boundaries of the former Redevelopment Agency. Action taken at Council Meeting of 01/14/14
- Andrew Carter: Appointed by the Mayor of the City of Guadalupe to represent employees of the former Redevelopment Agency. Action taken at Council Meeting of 01/14/14.

Continuing Members

- Hugo Lara: Appointed by the County Board of Education to represent schools
- Elizabeth Miller: Appointed by the Chancellor of the California Community Colleges to represent community colleges
- William Gerald Tucker: Appointed by the Mayor of the City of Guadalupe
- Dan Eidelson: Member of the public, appointed by the County Board of Supervisors

Vacant Position

Position formally held by County Executive Chandra Wallar.  
Awaiting an appointment by the County Board of Supervisors.

Appoint New Secretary

Secretary Carolyn Galloway-Cooper, former Finance Director of the City of Guadalupe, left City employment on 11/30/13 to join the City of Buellton as their new Finance Director. She had been serving on the Guadalupe Oversight Board as the Mayor’s appointee to represent employees of the former Redevelopment Agency. City Administrator Andrew Carter has taken her place in that roll. The Oversight Board therefore needs to appoint a new secretary.

Consider Changes in Chair and Vice Chair if Desired

If there is a desire to make changes in the Chair and Vice Chair of the Oversight Board, such changes could be made now.

## **Guadalupe Oversight Board – Meeting of 1/23/14**

### **Staff Report – Item 5.a**

#### **Appoint new legal counsel**

#### **Background**

In December, former Oversight Board Legal Counsel Rob Schultz tendered his resignation. As many know, he has moved to the San Jose area to serve as City Attorney of the City of Los Gatos. As such, City Administrator Andrew Carter sought a replacement for Mr. Schultz.

Very quickly, Mr. Carter focused on the firm of Carmel & Naccasha LLP, which provides city attorney services to the City of Arroyo Grande and district counsel services to the Cambria, Cayucos, Mission Hills, San Miguel, and Templeton CSD's. In addition, the firm serves as legal counsel to the Santa Maria Oversight Board and to the Arroyo Grande Successor Agency.

Mr. Carter spoke with the city managers in Santa Maria and Arroyo Grande. Both highly recommend the firm. In addition, Mr. Carter spoke to the City Attorney in San Luis Obispo who not only recommends the firm, but also the specific attorney that Carmel & Naccasha LLP is recommending to staff the Guadalupe Oversight Board. That attorney is Heather Whitham who is a partner with the firm. Prior to joining Carmel & Naccasha LLP, Ms. Whitham served as Deputy City Attorney of the City of Torrance.

Ms. Whitman will be attending the Thursday's Oversight Board meeting to answer any questions. She has already been briefed by Mr. Carter on current matters before the Oversight Board and stands ready to serve as legal counsel during the rest of the meeting should the Board choose to retain her firm.

Carmel & Naccasha LLP is proposing a fee of \$165/hour for general legal advice, \$185/hour for litigation, and \$95/hour for paralegal services. Mr. Schultz's fee was \$150/hour for all services. He did not make use of a paralegal. To date, the Oversight Board has not engaged in litigation.

Information on the firm of Carmel & Naccasha LLP is attached. This includes information on Ms. Whitman.

The proposed "Agreement for Professional Services" with Carmel & Naccasha LLP is also attached.

#### **Recommendation**

It is recommended that the Oversight Board select the law firm of Carmel & Naccasha LLP to represent the Oversight Board and authorize the Board Chair to execute an Agreement for Professional Services with Carmel & Naccasha LLP.

**CARMEL & NACCASHA LLP**  
ATTORNEYS at LAW

TIMOTHY J. CARMEL <sup>1</sup>  
ZIYAD I. NACCASHA <sup>2</sup>  
MICHAEL M. MCMAHON  
DONALD D. WILSON  
DAVID H. HIRSCH  
MARA J. MAMET  
HEATHER K. WHITHAM  
DALLAS K. MOSIER  
JON M. ANSOLABEHERE  
BRIAN J. STACK

OF COUNSEL  
ALICIA M. GAMEZ  
WALTER J. MILLAR  
WALTER J. STUCKEY

<sup>1</sup> ALSO ADMITTED IN NEVADA

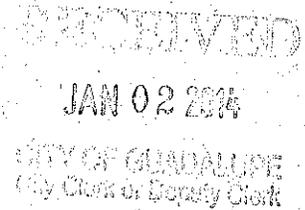
<sup>2</sup> ALSO ADMITTED IN ILLINOIS

December 27, 2013

**Via E-Mail and U.S. Mail**

znaccasha@carnaclaw.com

Mr. Andrew Carter  
City Administrator  
City of Guadalupe  
918 Obispo Street  
Guadalupe, CA 93434



**RE: Proposal for Oversight Board Attorney**

Dear Mr. Carter:

Thank you for the opportunity to submit this proposal for legal services to the Oversight Board to the Successor Agency of the former Guadalupe Redevelopment Agency.

Our firm has a team of attorneys and support staff who are knowledgeable, experienced and dedicated to providing quality legal services to our public agency clients. Our firm offers the City of Guadalupe a unique blend of talent with decades of experience in municipal law and specific experience representing Successor Agencies and Oversight Boards. We are excited about the possible opportunity to work with the City of Guadalupe's Oversight Board.

**Qualifications:**

Carmel & Naccasha LLP ("C&N") is a California limited liability partnership that was formed in 2004. The firm started with only its two principal partners, Tim Carmel and Ziyad Naccasha, and has grown with the needs of its clients and the community to ten (10) "in house" attorneys and three (3) "of counsel" attorneys. In addition, C&N has three (3) paralegals and an administrative support staff of eight (8). The firm has offices in San Luis Obispo and Paso Robles.

All attorneys at C&N are licensed by the State Bar of California and are members of the San Luis Obispo County Bar Association. Our attorneys are also licensed to practice law in the Ninth Circuit Court of Appeals, and the United States Court, Central District of California and the United States Supreme Court. The firm is a member of the Better Business Bureau of San Luis Obispo as well as the San Luis Obispo, Atascadero and Paso Robles Chambers of Commerce. Our attorneys and staff are actively involved in the community and serve on numerous boards and committees, including the Foundation for the Performing Arts Center, Big Brothers Big Sisters of San Luis Obispo County, Woods Humane Society, United Way of

San Luis Obispo County and the Development Committee of the San Luis Obispo Community Foundation.

Our firm provides city attorney legal services to the City of Arroyo Grande and district counsel legal services to the Cambria Community Services District, Cayucos Sanitary District, Mission Hills Community Services District, San Miguel Community Services District and Templeton Community Services District. We also provide legal services to the City of Santa Maria and litigation services and insurance support for the California Joint Powers Insurance Authority and the Special District Risk Management Authority.

In addition, our firm has direct experience in the area of law regarding the dissolution of redevelopment agencies and the creation of the successor agencies and oversight boards to the successor agencies. David Hirsch, a partner with our firm, currently serves as legal counsel to the City of Arroyo Grande's Successor Agency and as legal counsel to the Oversight Board to the City of Santa Maria's Successor Agency. Heather Whitham, another partner with C&N, has also provided legal services to Santa Maria's Oversight Board.

**Specific Personnel:**

The principal attorneys providing legal services to the Oversight Board would include Timothy J. Carmel, David H. Hirsch, Michael M. McMahon, Heather K. Whitham and Jon M. Ansolabehere. The following briefly describes their professional background:

**Timothy J. Carmel (State Bar No. 122695)**

Tim is a founding partner of C&N. For the past twenty-seven (27) years, Tim has represented a wide range of notable public agencies and private clients in San Luis Obispo County. Tim represents the City of Arroyo Grande, Cayucos Sanitary District, San Miguel Community Services District and the Cambria Community Services District. In addition, Tim formerly represented the City of Paso Robles, City of Grover Beach, and the San Simeon Community Services District. Tim has advised these agencies in all aspects of public agency law.

Tim graduated from Golden Gate University School of Law in December, 1984. He was admitted to the California State Bar in June, 1986 and the Nevada State Bar in October, 1986. Prior to founding C&N, Tim was a partner with Lyon & Carmel where he practiced primarily municipal law for seventeen (17) years with the late Roger C. Lyon, Jr.

**David H. Hirsch (State Bar No. 76786)**

David joined C&N in March of 2009 as a partner. Prior to joining C&N, David served as City Attorney for the City of Simi Valley from 1998 through 2008. Prior to that, David served as City Attorney for the City of Lompoc for seventeen (17) years.

David currently advises the Cambria Community Services District, City of Arroyo Grande and San Miguel Community Services District. David works closely with their staffs on all aspects of public agency law. David also provides legal services to the City of Santa Maria and represents the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Maria.

David graduated from Syracuse University College of Law in 1977 and was admitted to the California Bar that same year. David has been active with the City Attorneys' Department of the League of California Cities ("League") having served as its President in 1997-98 and served on the League's Municipal Law Handbook Editorial Board, during which time he oversaw the update of the chapter on employment law. David has also been a speaker on municipal affairs and has taught municipal law at both the Ventura College of Law and Santa Barbara College of Law. From 1996 until 2012, David has chaired the League's Municipal Law Institute Committee, which annually organizes and co-sponsors symposiums on municipal law issues at leading law schools including UC Hastings College of Law's Center for State and Local Government Law, UCLA Law School and Stanford Law School. He is also currently the Chair of the Public Law Section of the State Bar of California.

**Michael M. McMahon (State Bar No. 157556)**

Mike joined C&N in 2007. Mike heads the firm's civil litigation group. He regularly represents public agencies on employment related matters, from the initial discipline to trial. Mike also has experience conducting personnel investigations. Mike has handled numerous traditional and administrative writ of mandate cases. Before joining C&N, Mike was a court attorney for the San Luis Obispo Superior Court where he frequently served as a judge pro tem. Mike received his law degree in 1992 from Arizona State University.

**Heather K. Whitham (State Bar No. 177990)**

Heather joined C&N in December, 2010 and is also part of the firm's land use and municipal law group. Heather currently advises the City of Arroyo Grande, the Mission Hills Community Services District, and the Templeton Community Services District. Heather also recently handled a tort litigation matter for the City of Santa Maria. Heather was previously a deputy city attorney for the City of Torrance for fifteen (15) years. Part of Heather's experience with the City of Torrance included misdemeanor prosecution and code enforcement. Heather received her law degree from Southwestern University School of Law.

**Jon M. Ansolabehere (State Bar No. 278174)**

Jon joined C&N in 2011 and is part of the firm's land use and municipal law group. Jon graduated from Golden Gate University School of Law in 2011 with highest honors. In addition to Jon's private clients, Jon serves as the Deputy City Attorney for the City of Arroyo Grande and Assistant District Counsel for the San Miguel Community Services District and Cambria Community Services District. Jon has been with C&N since 2004 providing paralegal and investigative services until going to law school in 2008. Jon was previously the Neighborhood

Services Coordinator for the City of Arroyo Grande where he enforced the city's municipal codes.

Copies of the biography of each of the attorneys discussed above are included with this submittal.

**Fees:**

C&N has a government rate of \$165 per hour for attorney fees for general advice. The hourly government rate for attorneys representing the Oversight Board in litigation matters is \$185 per hour. The rate for C&N's paralegals is \$95 per hour.

In addition to legal fees, C&N charges for the following expenses: photocopying, facsimile charges, investigation costs, notarial and certification expense, deposition and reporting expense, expert witness expenses, and travel expenses, but not including meals. All costs and expenses will be charged at C&N's actual cost, or at the IRS reimbursement rate for driving mileage.

C&N is also amenable to fixed price representation under agreed upon circumstances and terms and conditions.

**Insurance:**

C&N maintains the following insurance policies:

<b>Type:</b>	<b>Insurer:</b>	<b>Limits:</b>
Worker's Compensation Insurance	Preferred Employers Insurance Policy No. ANN1486171	\$1,000,000 each accident
Liability Insurance	Sentinel Insurance Co. Policy No. 51SBAAB4752	\$2,000,000 general aggregate \$2,000,000 product \$1,000,000 personal and advertising injury \$1,000,000 employee benefits \$1,000,000 non-owned/hired auto liability
Professional Liability Employment Practices	Professional Solutions PSIC Insurance Company Policy No. 7040009	\$2,000,000 per claim \$2,000,000 aggregate

Thank you for the opportunity for C&N to submit this proposal offering our professional legal services. C&N is committed to providing top quality legal services, while focusing on

Mr. Andrew Carter  
City of Guadalupe  
Page 5 of 5  
December 27, 2013

**CARMEL & NACCASHA LLP**

controlling costs and adhering to budgets. Please let us know if you have any questions or would like to request additional information. We look forward to hearing from you.

Sincerely,

**CARMEL & NACCASHA LLP**



Ziyad I. Naccasha

ZIN:pm

Enclosure: Attorney Biographies

**Heather K. Whitham,  
Partner**

Heather graduated from Cal Poly, San Luis Obispo (BA Political Science - Magna Cum Laude) in 1991. Four years later, Heather received a law degree with honors from Southwestern University School of Law, Los Angeles. After passing the bar, Heather worked for 15 years as a Deputy City Attorney for the City of Torrance. Her primary areas of practice included municipal law, land use, transactional law, civil litigation and criminal prosecution. The last ten years of her service with the City of Torrance were spent as legal adviser to the City's Planning Commission. Heather assisted the City's Community Development Department, Planning Commission and City Council through the real estate boom of the late 1990's and early 2000's.

In addition, Heather successfully completed numerous civil and criminal court and jury trials. She also handled specialized litigation matters such as writs of mandate.

With fond memories of the Central Coast, Heather was finally able to relocate to the Central Coast in 2009. In 2010, Heather joined Carmel & Naccasha LLP. Heather currently serves as Deputy City Attorney for the City of Arroyo Grande and Assistant District Counsel to the Mission Hills Community Services District.

Heather frequently provides training to public agency staff, appointed and elected public officials, on the Brown Act, Land Use Laws, California Environmental Quality ACT ("CEQA") and Ethics- AB1234.

Heather is a member of the San Luis Obispo Bar Association and the San Luis Obispo Women Lawyers Association.

**Heather K. Whitham**

Carmel & Naccasha LLP  
1410 Marsh Street  
San Luis Obispo, California 93401

**Carmel & Naccasha LLP**

1908 Spring Street  
Paso Robles, CA 93446  
805-546-8785 – telephone  
805-546-8015 – facsimile  
[hwhitham@carnaclaw.com](mailto:hwhitham@carnaclaw.com)  
[www.carnaclaw.com](http://www.carnaclaw.com)

**Practice Areas:**

Municipal Law  
Land Use  
Transactional Law

## **AGREEMENT FOR PROFESSIONAL SERVICES**

**THIS AGREEMENT** is made and entered into on January 23, 2014, by and between the Oversight Board for the successor entity to the former Guadalupe Community Redevelopment Agency ("OVERSIGHT BOARD"), organized and existing under the provisions of Assembly Bill X1 26, enacted June 29, 2011 and Assembly Bill 1484, enacted June 27, 2012 ("Redevelopment Dissolution Act"), and Carmel & Naccasha LLP ("ATTORNEY").

**THE PARTIES ENTER THIS AGREEMENT** based upon the following facts, understandings and intentions:

The City Attorney of the City of Guadalupe would ordinarily provide legal services to the OVERSIGHT BOARD as contemplated pursuant in the Redevelopment Dissolution Act as part of its staffing obligation, but because the City Attorney's Office may have a conflict of interest due to its representation of CITY as the Successor Entity, OVERSIGHT BOARD is obtaining the services of special counsel to serve as the legal advisor for the OVERSIGHT BOARD; and

OVERSIGHT BOARD desires to contract with ATTORNEY and ATTORNEY desires to contract with OVERSIGHT BOARD for provision of professional services as further described herein, upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE, IN CONSIDERATION** of the mutual covenants and promises of the parties herein contained, the parties hereto agree as follows:

**1. Effective Date.** The effective date of this Agreement is January 23, 2014.

**2. Scope of Services.** CITY engages ATTORNEY to provide legal advice and representation to OVERSIGHT BOARD regarding implementation of the Redevelopment Dissolution Act, including but not limited to advice regarding the powers and duties of the OVERSIGHT BOARD under the Act as well as compliance with the requirements of the Brown Act, Public Records Act and Political Reform Act in the performance of such powers and duties, and to provide legal research on behalf of the OVERSIGHT BOARD as requested.

**3. Compensation.** ATTORNEY shall be compensated on an hourly basis for services rendered under Section 2, at the rate of \$165 per hour for general advice and \$185 per hour for litigation. Paralegal fees are \$95 per hour. ATTORNEY shall be reimbursed for actual and reasonable out-of-pocket expenses such as mileage, photocopy charges, research-related charges, filing fees, and other costs related to representation. ATTORNEY may submit monthly statements for services rendered. Time will be billed in tenths of an hour (six-minute increments). Travel time shall be charged and paid at the hourly billing rate. It is intended that payment to ATTORNEY will be made by CITY acting as the Successor Agency within thirty (30) days after receipt of each invoice, subject to such work being in compliance both with the scope of services as set forth in this Agreement and within the budget established by the CITY for said services, and with the direction of the OVERSIGHT BOARD.

**4. Confidential Communications and Information.** The OVERSIGHT BOARD is the client for the purposes of confidential client communications. Confidential communications

between the OVERSIGHT BOARD and ATTORNEY are not to be shared with CITY or CITY as the Successor Agency. All documents, communications or other information developed or received by or for ATTORNEY in performance of the Agreement are confidential and not to be disclosed to any person except as authorized by OVERSIGHT BOARD, or as required by law.

**5. Termination.** OVERSIGHT BOARD may terminate ATTORNEY's employment at any time with or without cause and with no notice. However, OVERSIGHT BOARD agrees to pay ATTORNEY for all legal services rendered by ATTORNEY up to the time of termination, plus all costs advanced and expenses incurred by ATTORNEY in the course of representing OVERSIGHT BOARD. In the event of termination, ATTORNEY will promptly return OVERSIGHT BOARD's papers and property to it.

**6. Standard of Performance.** ATTORNEY represents to OVERSIGHT BOARD that the services shall be performed in an expeditious manner and with the degree of skill and care that is in conformance with generally accepted professional standards prevailing at the time work is performed.

**7. Performance by Attorney.** ATTORNEY shall not employ other Attorneys or contractors without the prior written approval of the OVERSIGHT BOARD. Unless otherwise expressly agreed by the OVERSIGHT BOARD, ATTORNEY'S representative shall remain responsible for the quality and timeliness of performance of the services, notwithstanding any permitted or approved delegation hereunder.

**8. Ownership and Maintenance of Documents.** All documents furnished by ATTORNEY pursuant to this Agreement are instruments of ATTORNEY'S services in respect to any individual project. They are not intended nor represented to be suitable for reuse by others on extensions of this project or on any other project. Any reuse without specific written verification and adoption by ATTORNEY for the specific purposes intended will be at user's sole risk and without liability or legal exposure and expenses to ATTORNEY, including attorney's fees arising out of such unauthorized reuse. ATTORNEY'S records pertaining to work performed under this Agreement shall be given to OVERSIGHT BOARD at the completion of the work.

**9. Conflict of Interest.** ATTORNEY shall avoid any conflict of interest in the performance of this Agreement. ATTORNEY represents that the ATTORNEY has no existing conflict of interest in representing OVERSIGHT BOARD and will not acquire any such interest, which could interfere with the performance of services required under this Agreement.

**10. Independent Contractor.** In assuming and performing the services, ATTORNEY is an independent contractor and shall not be eligible for any benefits, which the OVERSIGHT BOARD may provide its employees, except as expressly provided for in the Agreement. ATTORNEY shall have responsibility for and control over the means of providing services under this AGREEMENT.

**11. Amendment.** This Agreement may be amended, modified, or changed by the parties subject to mutual consent by execution of a written amendment executed by authorized representatives of OVERSIGHT BOARD and ATTORNEY.

**12. Compliance with Laws.** ATTORNEY shall comply with all applicable Federal, State, and local laws, rules, and regulations, and shall obtain all applicable licenses and permits for the conduct of its business and the performance of the services.

**13. Severability.** Each portion of this document is severable, so that if one portion is found to be legally invalid, the remaining portion shall remain in effect.

**14. Financial Records.** Records of ATTORNEY'S reimbursable expenses pertaining to this project covered by this AGREEMENT will be made available to OVERSIGHT BOARD if and when required.

**IN WITNESS WHEREOF,** the parties have executed this AGREEMENT in one or more duplicate originals as of the date and year first written above.

**ATTORNEY:**

\_\_\_\_\_  
Ziyad I. Naccasha,  
Partner, Carmel & Naccasha LLP

**OVERSIGHT BOARD TO THE SUCCESSOR ENTITY  
TO THE FORMER GUADALUPE COMMUNITY REDEVELOPMENT AGENCY:**

\_\_\_\_\_  
Hugo Lara, Oversight Board Chair

\_\_\_\_\_  
Andrew Carter, City Administrator

## **Guadalupe Oversight Board – Meeting of 1/23/14**

### **Staff Report – Item 6.a**

#### **879 Guadalupe Street (Former Lantern Hotel)**

#### **Background**

As the Oversight Board is aware, Lantern Hotel LLC is in arrears on payments for the note on the Lantern Hotel property. The LLC has been falling farther and farther behind on payment since August 2009. With unpaid amortized interest, the LLC now owes more on the note than it started with. The original 02/01/07 balance on the note was \$1,387,458.53. The balance today is \$1,476,472.77. If Lantern Hotel LLC were current on the note, the balance on 01/01/14 would have been \$1,209,946.18.

Based on direction of the Oversight Board and after review by Board Counsel Rob Schultz, City Administrator Andrew Carter sent a Notice of Default to Brad Vernon of Lantern Hotel LLC on 10/21/13. That Notice (attached) demanded that Lantern Hotel LLC cure the default by 12/31/13 by becoming current on all payments. To become current, the LLC would have had to make payments of approximately \$270,000 in November and December. The LLC has only paid \$2,800 in that time.

Mr. Carter spoke with Mr. Vernon about this issue on 11/19/13. He said there is no way that Lantern Hotel LLC can become current on the note. He said the property is probably worth \$600,000 to \$700,000, but the Successor Agency would have difficulty getting more than \$500,000 at this time given the amount of empty commercial property in Guadalupe. Mr. Vernon said he would be happy “to drop off the keys” (his words) if that is the Successor Agency’s desire.

#### **Recommendation**

It is recommended that the Oversight Board direct the Successor Agency to:

- 1) Begin default proceedings with Lantern, LLC, the lease holder,
- 2) Seek a professional appraisal of the property,
- 3) Move towards liquidation of the property,
- 4) Amend the portion of the Long Range Property Management Plan having to do with the property to reflect the above intent and submit this revision to the State Department of Finance for approval.

#### **Portion of Long Range Property Management Plan Referencing Plans for Property**

**Parcel # 4: "Former Lantern Hotel" - 879 Guadalupe Street — Retained by the Successor Agency until all issues are resolved with the developer:**

The Guadalupe Successor Agency will transfer this property to the developer when payments are current on the loan between the Agency and the developer. If the developer defaults on the

loan, the Successor Agency will return to the Department of Finance to address the use or disposition of the property. As mentioned above, the developer makes monthly payments but has fallen behind. The developer holds tenant leases but has indicated a high vacancy rate exists for the residential and commercial space. The Successor Agency agrees the economic downturn has caused the downtown business district to experience high vacancy rates. If the developer is not current on the loan as of 12/31/2013, the Successor Agency will begin default proceedings.



**City of Guadalupe**  
**918 Obispo Street**  
**P.O. Box 908**  
**Guadalupe, CA 93434**  
**805-356-3891**

October 21, 2013

Mr. Brad Vernon  
Lantern Hotel, LLC  
P.O. Box 12910  
San Luis Obispo, CA 93406

Sent by Certified Mail  
with Return Receipt

**NOTICE OF DEFAULT**

Dear Mr. Vernon:

I am writing you at the direction of the Oversight Board for the City of Guadalupe Redevelopment Successor Agency. This letter will serve as written Notice of Default on the Promissory Note dated June 1, 2004 and subsequent amendments that Lantern Hotel, LLC has with the City of Guadalupe Redevelopment Agency for the property known as the Lantern Hotel at 879 Guadalupe Street in Guadalupe, CA, APN 015-092-012.

The Oversight Board for the City of Guadalupe Redevelopment Successor Agency will give you until December 31, 2013 to cure the default. The cure sought is for Lantern Hotel, LLC to become current on all payments owed the Redevelopment Agency under the terms of the Promissory Note. That Promissory Note originally dates to June 1, 2004, was amended on February 1, 2007 to increase the amount borrowed, and was amended again on June 1, 2009 to address certain Redevelopment Agency Affordable Housing funding issues. The June 1, 2009 amendment did not increase the amount borrowed, it only changed the source of funding for the Promissory Note, so the payment terms and payment schedule from February 1, 2007 continue to apply.

You have the legal right to bring your Promissory Note account in good standing by paying your entire past due payments within the time permitted by law for reinstatement of your account. Please be advised that if Lantern Hotel, LLC fails to bring its account to good standing and cure the default by December 31, 2013, the City of Guadalupe Redevelopment Successor Agency will call the entire balance of the Promissory Note due and retake possession of the Lantern Hotel property.

To cure the default and meet the February 1, 2007 payment schedule, your principal balance on December 31, 2013 should be \$1,209,946.18.

On an unaudited basis, after your recent payment of \$1813.02 (received 10/15/13), your current balance (principal and amortized unpaid interest) is \$1,464,253.82. At the moment, on an audited basis, you are \$249,350.04 in arrears, which equals the \$1,464,253.82 current balance minus the \$1,214,903.78 theoretical 11/1/13 balance from the 2/1/07 original payment schedule. For reference, the original balance of the note on February 1, 2007 was \$1,387,458.53.

Here is a summary of your payments since July 1, 2009. By September 2009, Lantern Hotel, LLC began to fall significantly in arrears. For reference, \$7030.05 is the required monthly payment.

Due Date	Received	Due Date	Received	Due Date	Received
07/01/09	\$7030.05	07/01/11	\$2450.00	07/01/13	\$2670.54
08/01/09	\$7030.05	08/01/11	\$3050.00	08/01/13	\$2580.00
09/01/09	\$4500.00	09/01/11	\$7030.05	09/01/13	\$2500.00
10/01/09	\$4100.00	10/01/11	\$0.00	10/01/13	\$605.31
11/01/09	\$4600.00	11/01/11	\$2000.00	11/01/13	\$1813.02
12/01/09	\$3650.00	12/01/11	\$0.00		
01/01/10	\$3900.00	01/01/12	\$0.00		
02/01/10	\$4025.00	02/01/12	\$1050.00		
03/01/10	\$4050.00	03/01/12	\$1050.00		
04/01/10	\$3750.00	04/01/12	\$2100.00		
05/01/10	\$3800.00	05/01/12	\$1200.00		
06/01/10	\$3800.00	06/01/12	\$1100.00		
07/01/10	\$3900.00	07/01/12	\$1200.00		
08/01/10	\$3900.00	08/01/12	\$0.00		
09/01/10	\$3900.00	09/01/12	\$0.00		
10/01/10	\$3400.00	10/01/12	\$0.00		
11/01/10	\$3750.00	11/01/12	\$0.00		
12/01/10	\$4172.00	12/01/12	\$0.00		
01/01/11	\$3200.00	01/01/13	\$8900.00		
02/01/11	\$3050.00	02/01/13	\$2291.00		
03/01/11	\$3200.00	03/01/13	\$0.00		
04/01/11	\$3050.00	04/01/13	\$0.00		
05/01/11	\$3050.00	05/01/13	\$4600.00		
06/01/11	\$2450.00	06/01/13	\$1390.92		

Please be advised that you may lose your legal rights if you do not take prompt action. If you have any questions or are unable to bring your account current, you should contact the undersigned immediately.

Your attention to this matter would be greatly appreciated.

Sincerely,

Andrew Carter  
City Administrator

Cc: Oversight Board, Legal Counsel

**Guadalupe Oversight Board – Meeting of 1/23/14**

**Staff Report – Item 7.a**

**995 Guadalupe Street/4646 10<sup>th</sup> Street (Al's Union Property)**

This item has been pulled from the agenda since no action is needed.

The Long Range Property Management Plan was amended before it went to the Department of Finance to allow for sale of the Al's Union Property in its current unremediated "as is" state.