ITEM NO. 16

STAFF REPORT

CITY OF OCEANSIDE

DATE: January 24, 2007

TO: Honorable Mayor and City Councilmembers
Chairman and Members of the Community Development Commission

FROM: Economic Development and Redevelopment Department

SUBJECT: **RESOLUTIONS APPROVING APPROPRIATION OF FUNDS BY THE OCEANSIDE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE FOR THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH**

SYNOPSIS

Staff recommends that the City Council adopt resolutions to approve and appropriate $1,030,921 million in Redevelopment Bond funds to assist in the construction of a new building east of the existing Oceanside Museum of Art (OMA) pursuant to a Memorandum of Understanding and Challenge Grant Agreement with the Museum, approved by City Council on September 7, 2005. And, approve and appropriate $15,000 in Redevelopment Bond funds to pay for attorney fees for the analysis.

BACKGROUND

In June 1995, the old City Hall building was leased to the Oceanside Cultural Arts Foundation (OCAF), to support the ongoing programming and operations for the museum, which serve as a gallery and office space. An amendment to the lease was completed in November 2001. The new lease shifted responsibility from the OCAF to the Oceanside Museum of Art and revised the terms to include the parking lot located east of the current Museum and future potential to lease the Fire Station 1 building once the fire station is relocated.

The OMA has established itself as a regional art museum in North San Diego County and serves as a cultural and social hub for the Oceanside community. The OMA attracts national and international art exhibitions which reflect a variety of performing and visual arts that include chamber music concerts, choral and dance performances, lectures, films, paintings, glass, sculpture, quilting and modern furniture. Additionally, the OMA collaborates with many local educational and visitors serving organizations like Mira Costa and Palomar Colleges, Oceanside Public Library, Oceanside Unified School District, MainStreet Oceanside, California Welcome Center, and Buena Vista Lagoon Audubon Nature Center to name just a few.

Because of the success of the OMA over its first 10 years, the Board of Trustees developed a long-range plan for expansion and fundraising in May 1999. In December 2004, elevations and plans were approved by the Redevelopment Design Review Committee and Community

Development Commission for the museum expansion. A 15,880-square-foot, three-level central pavilion on the parking lot east of the museum was proposed to be built and once constructed it will be owned by the City. The Museum had a fundraising goal of $5.35 million and in September 2005, the museum raised over $3.16 million towards this goal, but $2 million was still needed for construction.

The Oceanside City Council approved a Challenge Grant Agreement (Agreement) and Memorandum of Understanding (MOU) on September 7, 2005 (Attachment 1). The Agreement stated that the City would match the funds raised by the museum on a dollar-for-dollar basis up to $1 million. The intent of the Agreement was to use the monies raised to construct the parking lot expansion only. The MOU included the following terms and conditions:

- Provided a two-year term to raise funds
- Required quarterly progress reports
- Deposited City-matched funds up to $1 million total in an interest-bearing account
- Stipulated that the museum must spend 50 percent of its construction funds prior to receiving City Challenge Grant funds
- Once under construction the OMA would indemnify and defend the City against third-party lawsuits related to the construction

The OMA submitted reports on May 3, 2006, verifying that more than $1.09 million in gifts and pledges had been raised, and requested the City funds in accordance with the Challenge Grant Agreement. The Oceanside Museum of Art has complied with all the terms and conditions of the Challenge Grant Agreement and Memorandum of Understanding and is entitled to the funds as stated in the Agreement and MOU.

ANALYSIS

When the MOU was approved on September 7, 2005, the intent was to use General Fund monies to match gifts and pledges received by the OMA. The unallocated General Fund Balance in December 2006 was approximately $1 million. The City determined this General Fund balance should be reserved to pay for unanticipated General Fund expenditures for projects and programs that are currently underway. Since the General Fund could not afford to fund the $1 million to pay the OMA because the balance in the account was too low, it was proposed to use Redevelopment Bond funds to pay the OMA the $1 million as stated in the Agreement.

The Oceanside Museum of Art was able to raise the $1 million in matching grant funds from donors with the understanding that the City would match the funds. Additional capital campaigning is underway to raise funding for Phase II of the construction and to establish an endowment for ongoing operation of the facility.

To analyze the legal ability to use Redevelopment funds for this project outside council was used. The firm the City uses for all bond issues, Stradling, Yocca, Carlson and Rauth did the analysis. The analysis was from both a Redevelopment law and bond law perspective and concluded that Redevelopment funds could be used if specific findings could be made which are summarized below and can be reviewed in full in the attached Summary Report (Attachment 2).

1. Buildings, facilities, structures or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located (Health and Safety Code Section 33445(1)).

2. There is no other reasonable means of financing such buildings, facilities, structures, or other improvements available to the community (Health and Safety Code Section 33445(2)).

3. The payment of funds for the acquisition of land or the cost of buildings, facilities, structures or other improvements will assist in the elimination of one or more blighting conditions inside the project area, and is consistent with the 2005-09 Implementation Plan adopted pursuant to Section 33490 (Health and Safety Code Section 33445(a)(3)).

4. The use must meet the provision in Redevelopment Law that taxes are being used to pay for a fundamental purpose of redevelopment (Health and Safety Code Section 33679(c)).

The OMA has asked the Agency to pay for the legal analysis and the documentation required to fund the Challenge Grant with Redevelopment funds. The estimated amount for legal fees is $15,000.

COMMISSION OR COMMITTEE REPORTS

The Oceanside Historic Preservation Advisory Commission unanimously approved the project at its December 7, 2004 meeting.

The Redevelopment Design Review Committee approved the project at its December 10, 2004, meeting.

The Redevelopment Advisory Committee reviewed the project at its December 15, 2004, meeting and approved the project unanimously.

FISCAL IMPACT

The current balance in Redevelopment bond funds is approximately $16 million. Of that amount, $12 million has been committed to established projects. The amount of $1 million plus interest will not impact the current programming of Redevelopment bond funds. The Interest amount has been calculated for the January through December 2006 period as $30,921.00 and will accrue on the balance of funds until the final disbursement to the OMA is made.

Payments to the OMA will be based upon presentation of verifiable invoices for construction work and only after the museum has spent 50 percent of the Museum's verified available funding for construction purposes. The submission of reports and documentation for the disbursement of funds must be submitted to the Economic Development and Redevelopment Department for review, approval, and disbursement of funds.

Appropriate $1,045,921 to fund the Challenge Grant amount of $1 million, plus interest of $30,921, which will continue to accrue on the account balance until the final disbursement of

funds is made to the OMA and $15,000 in estimated attorney fees.

Allocate the amount of $466,000 from the 2002 TAB project funds, and $564,921 from the 2004 Refunding TAB project funds, to project account number 591-837391 CIP-MB RDV Museum of Art. And, appropriate $15,000 from the 2004 Refunding TAB project funds to account 591-304050-5241.58022 for legal fees.

CITY ATTORNEY'S ANALYSIS

The resolutions have been reviewed and approved as to form by the City Attorney.

RECOMMENDATION

Staff recommends that the City Council adopt resolutions to approve and appropriate $1,030,921 million in Redevelopment Bond funds to assist in the construction of a new building east of the existing Oceanside Museum of Art (OMA) pursuant to a Memorandum of Understanding and Challenge Grant Agreement with the Museum, approved by City Council on September 7, 2005. And, approve and appropriate $15,000 in bond funds to pay for attorney fees for the analysis.

PREPARED BY:

Tracey Bohlen
Development Project Coordinator

SUBMITTED BY:

Barry E. Martin
Interim City Manager/Executive Director

REVIEWED BY:

Michelle Skaggs Lawrence, Interim Deputy City Manager

Mike Blessing, Deputy City Manager

Jane McVey, Director of Economic Development and Redevelopment

Nita McKay, Financial Services Director

Kathy Baker, Redevelopment Manager

EXHIBITS/ATTACHMENTS

1. Challenge Grant Staff Report dated September 7, 2005
2. Summary Report
3. Resolution of the Community Development Commission
4. Resolution of the Oceanside City Council

ITEM NO. 39

STAFF REPORT

CITY OF OCEANSIDE

DATE: September 7, 2005

TO: Honorable Mayor and City Councilmembers

FROM: Steven R. Jepsen, City Manager

SUBJECT: **APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OCEANSIDE AND THE OCEANSIDE MUSEUM OF ART FOR A CHALLENGE GRANT MATCHING PRIVATE DONATIONS UP TO $1 MILLION**

SYNOPSIS

Staff recommends that the City Council approve the Memorandum of Understanding (MOU) with the Oceanside Museum of Art (OMA) for a $1 million Challenge Grant to assist with the funding of a $5.35 million expansion of the existing museum, and authorize the City Manager to execute the MOU.

BACKGROUND

The Oceanside Museum of Art was established in 1995. The museum has renovated the old City Hall building to serve as a gallery. Through its first decade, the museum has served as both a cultural and social hub for community events. The museum has attracted national and international shows to our community reflecting a variety of visual arts including: paintings, glass, sculptures, quilting and modern furniture.

The original lease for the museum's use of old City Hall was approved in June of 1995 with the Oceanside Cultural Arts Foundation (OCAF). The lease was amended in November of 2001 to shift responsibility to the Oceanside Museum of Art and to provide for the future expansion of the museum east to include the parking lot and eventually incorporating the building housing Fire Station #1. The intent of the Challenge Grant will not affect the terms and conditions of the November 2001 lease. The monies raised through the Challenge Grant are intended to apply towards the parking lot area expansion only. Any use of Fire Station #1 would be pending the City's relocation of that facility.

ANALYSIS

The OMA has a fundraising goal of $5.35 million for the museum expansion; $3.16 million of this amount has already been raised, leaving a balance need of just over $2 million. The Challenge Grant is intended to raise the needed amount on a dollar-for-dollar basis up to $1 million total from the City. The Memorandum of Understanding includes the following outline of terms and conditions:

- Provides a two-year time frame to raise funds
- Requires quarterly progress reports
- Deposits City matched funds in an interest-bearing account for museum use, up to $1 million total.
- Provides that the museum must spend 50 percent of its construction funds prior to drawing down on Challenge Grant monies
- Indemnifies and defends City against third-party lawsuits related to expansion construction

FISCAL IMPACT

The City of Oceanside has approximately $20 million in General Funds available for capital projects. This is in addition to our ongoing 10 percent Healthy City Reserves of $9 million. Funding for the museum Challenge Grant will not jeopardize previously identified priorities for public safety or the senior center.

In addition, the City of Oceanside will retain control over the City's portion of the Challenge Grant. The Challenge Grant funds, up to $1 million will be placed in an interest bearing account. Draw down on the account will require the museum construction to be at least 50 percent complete. This will assure that necessary funds are in place for the museum to finish planned construction commitments.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced document has been reviewed by the City Attorney and approved as to form.

ATTACHMENT 1

RECOMMENDATION

Staff recommends that the City Council approve the Memorandum of Understanding (MOU) with the Oceanside Museum of Art (OMA) for a $1 million Challenge Grant to assist with the funding of a $5.35 million expansion of the existing museum, and authorize the City Manager to execute the MOU.

SUBMITTED BY:

Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager _____

ATTACHMENT 1

CHALLENGE GRANT AGREEMENT

This CHALLENGE GRANT AGREEMENT ("Agreement") is made and entered into on this 8th day of September, 2005, by and between the City of Oceanside ("City") and the Oceanside Museum of Art, Inc. ("Museum").

RECITALS

WHEREAS, the City is the owner of certain real property commonly known as 704 Pier View Way, Oceanside, CA; the Museum leases space on such property, including the adjacent parking lot to the east, and has a future interest in occupying Fire Station No. 1 ("Premises"), pursuant to a Lease Between City of Oceanside and Oceanside Cultural Arts Foundation (Museum's predecessor in interest) dated June 28, 1995, a Memorandum of Lease Commencement Date of Lease between City of Oceanside and Oceanside Cultural Arts Foundation, an Assignment of Lease and First Amendment of Lease between City of Oceanside and Oceanside Museum of Art, Inc. dated November 7, 2001 (collectively the "Lease");

WHEREAS, the Museum desires to commence construction of the "Project", defined as the expansion of the existing Art Museum to include the parking lot and new building to the east of the existing museum, exclusive of Fire Station #1;

WHEREAS, all buildings and improvements to be constructed by Museum on the Premises shall be owned by the City;

WHEREAS, the Museum has raised $3.16 million of the $5.35 million in funds required to complete the Project; and

WHEREAS, the City desires to assist in Museum's efforts to construct said buildings and improvements by offering this $1 million Challenge Grant.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, the parties hereto agree as follows:

1. <u>CHALLENGE GRANT AMOUNT</u> The City agrees to provide to Museum matching funds in an amount not to exceed $1 million.

1.1 The value of all gifts and pledges (as defined in Section 3 below) up to $1 million received by Museum for the Project during the Term of this

Challenge Grant (as defined in Section 2 below) shall be matched by the City for the Museum's use in constructing the Project.

1.2 Challenge Grant funds are to be utilized solely for construction of the buildings and improvements of the Project and shall not be used for any other Museum functions or programming.

2. TERM the Term of this Challenge Grant shall commence upon execution of this Agreement by both parties and shall expire two (2) years following said date of execution for the purpose of meeting fund raising goals to match the $1 million Challenge Grant.

3. MATCHED FUNDS The City agrees to match the value of all gifts and donations, up to $1 million, received by the Museum after September 7, 2005 for the Project during the Term of this Challenge Grant.

3.1 LIQUID ASSETS Liquid Assets are those gifts and donations to the Project that can be readily converted to cash and/or services directly related to the Project. For the purpose of this Agreement, Liquid Assets shall be valued at their actual value on the date of receipt by the Museum.

3.2 NON-LIQUID ASSETS Non-Liquid Assets are those gifts and donations to the Project that cannot be readily converted to cash directly related to the Project. Non-Liquid Assets without directly defined maturity dates or pledged dates would require independent appraisal and approval of Museum's tax consultants prior to Museum's statement of value for such items. Non-Liquid Assets shall be convertible to cash in a defined time frame.

3.3 IN-KIND SERVICES The City will match the value of in-kind services only to the extent that such services contribute to the design and construction of the Project. In-kind services shall include architects, engineers, contractors, material suppliers and service providers necessary for the Project.

4. REPORTING and FUNDING Reporting of gifts and donations in the form of Liquid Assets and Non-Liquid Assets received for the project and the Challenge Grant funding by the City shall be controlled by the following conditions.

4.1 The Museum shall present to the City the following items upon execution of this Agreement:

a. A record of all Project assets received prior to September 7, 2005, complete with locations where held and account numbers where applicable.

b. A record of all current Project Liquid Assets. Donor names may be listed by Donor Number for privacy purposes.
c. A statement by Museum that it will guarantee the collection of all pledged Project gifts, donations and assets.
d. A record of all Project expenditures to date.
e. A current projection of Project costs and schedule.

4.2 The Museum shall present to the City the following items on the first business day following January 1, 2006 and then on the first business day of every third month following (every 90 days±) until the end of the Term:

a. A record of all Project Assets received during the last operating period. Donor names may be listed by Donor Number for privacy purposes.
b. A statement by Museum that it will guarantee the collection of all pledged Project gifts, donations and assets.
c. A record of all Project expenditures to date.
d. A current projection of Project costs and schedule.

4.3 The City will deposit matching funds, up to $1 million total, in an interest-bearing account, within 30 days of each 90-day report filed by the Museum and verified by the City. Such funds will remain under City control until such time as they are drawn down for the purposes of payment for Museum construction. The funds shall earn the same annual interest as the City of Oceanside's investment portfolio.

4.4 The Museum shall have access to the $1 million Challenge Grant, plus interest, only after the Museum has spent 50 percent of the Museum's verified available funding for construction purposes. The City shall make payments to the Museum based upon presentation of verifiable invoices for construction work.

4.5 The Museum shall verify funding availability sufficient to pay construction bid amounts prior to the initiation of construction of the Project.

5. NOTICES No notice, request, demand, instruction, or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery), delivered by air courier next-day delivery (e.g. Federal Express), delivered by mail, sent by registered or certified mail, return receipt requested, or sent via telecopier, as follows:

If to City, to

City Manager
City of Oceanside
300 N. Coast Highway
Oceanside, CA 92054

If to Museum, to

Executive Director
Oceanside Museum of Art
704 Pier View Way
Oceanside, CA 92054

6. INDEMNIFICATION The City assumes no liability as a donor to the Museum with regard to the employment of consultants and/or contractors for the purpose of implementation of the Project. The Museum agrees to defend, indemnify and hold harmless the City and its officers, agents and employees against all claims, costs, expense, or damages that may arise with regard to this Agreement. The Museum further agrees to defend all third party claims and/or liens against the property as a result of the Project.

7. INTENT This Agreement is in reference to the Challenge Grant only and is not intended to change the terms or conditions of the existing lease.

IN WITNESS WHEREOF, the parties hereto have caused this Challenge Grant Agreement to be executed by their respective duly authorized representatives as of the date and year first above written.

"CITY"

CITY OF OCEANSIDE

By: _____
City Manager

Approved as to form:

By: _____
City Attorney

"MUSEUM'

By: _____

Name: Thomas A. Nunan

Title: President, OMA Board of Trustees

BY: _____

NAME: JAMES R. PAHL

TITLE: EXECUTIVE DIRECTOR

ATTACHMENT 1

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of SAN DIEGO } ss.

On August 31, 2005 (Date), before me, Holly J. Trobaugh, Notary Public (Name and Title of Officer (e.g., "Jane Doe, Notary Public")) personally appeared James Robert Pahl II (Name(s) of Signer(s)),

☐ personally known to me

☑ proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

HOLLY J. TROBAUGH
Commission # 1528002
Notary Public - California
San Diego County
My Comm. Expires Nov 19, 2008

Place Notary Seal Above

WITNESS my hand and official seal.

Holly J. Trobaugh
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Challenge Grant Agreement

Document Date: 9/8/2005 Number of Pages: 4

Signer(s) Other Than Named Above: Thomas Ninan, Steve Jepsen

Capacity(ies) Claimed by Signer(s)

Signer's Name: James Robert Pahl II
☐ Individual
☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☑ Other: Executive Director
Signer Is Representing: Oceanside Museum of Art

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name:
☐ Individual
☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other:
Signer Is Representing:

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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ATTACHMENT 1

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of San Diego } ss.

On Aug. 30, 2005 (Date), before me, Holly J. TROBAUGH, NOTARY PUBLIC (Name and Title of Officer (e.g., "Jane Doe, Notary Public")) personally appeared Thomas A. NUNAN (Name(s) of Signer(s)),

☐ personally known to me

☒ proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity~~(ies)~~, and that by his/~~her/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

HOLLY J. TROBAUGH
Commission # 1528002
Notary Public - California
San Diego County
My Comm. Expires Nov 19, 2008

WITNESS my hand and official seal.

Place Notary Seal Above

Holly J. Trobaugh
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Challenge Grant Agreement

Document Date: 9/8/05 Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Thomas. A. Nunan
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☒ Other: President

Signer Is Representing: Oceanside Museum of Art Trustees

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer's Name: _____
☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

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ATTACHMENT 1

SUMMARY REPORT
FOR PROPOSED FUNDING BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE OF THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART

This report has been prepared in connection with a joint public hearing of the Oceanside City Council (the "City Council") and the Community Development Commission of the City of Oceanside (the "Commission") which is scheduled to be held in the Oceanside City Council Chambers at 300 North Coast Highway, Oceanside, on January 24, 2007 at 5:00 p.m., with respect to the Commission's payment of tax increment funds for the Commission's appropriation of $1 Million, plus interest at the rate earned by the City's investment portfolio, to be used to fund a portion of the expansion of the Oceanside Museum of Art (the "Art Museum").

The Oceanside Museum of Art, Inc. (the "Museum Corporation") has proposed to expand the Art Museum through the construction of a 15,880 square foot, three level central pavilion on the parking lot located adjacent to the Art Museum. The expansion of the Art Museum was estimated to cost $5.35 Million, and as of 2005 the Museum Corporation had raised more than $3 Million in private donations toward the expansion project. Pursuant to the terms of the Lease between the City and the Museum Corporation, the Art Museum and the expansion of the Art Museum will be owned by the City. The City has entered into a "Challenge Grant Agreement" with the Museum Corporation, dated as of September 7, 2005, which requires the City to provide up to $1 Million, plus interest at the rate earned by the City's investment portfolio, to match additional funds raised by the Museum Corporation for the expansion of the Art Museum, as an incentive for private parties to donate further funds for the Art Museum expansion. Subsequent to the approval of the Challenge Grant Agreement the Museum Corporation has raised more than $1 Million in additional funds for the expansion of the Art Museum, and has qualified to receive the additional funding from the City pursuant to the Challenge Grant Agreement. The City has proposed that the Commission pay the $1 Million, plus interest, payable pursuant to the Challenge Grant Agreement.

Before the Commission commits to pay for the construction of publicly owned buildings, the City Council must hold a public hearing and make available a summary of the proposal. The summary is required to include the following:

(a) Estimates of the amount of taxes proposed to be used to pay for land and construction of publicly owned buildings, including interest payments.

(b) Facts supporting the required findings that the publicly owned buildings are of benefit to a project area or the immediate neighborhood of a project area or another project area, will assist in the elimination of blight within the redevelopment project area or provide housing for low- or moderate-income persons, that the facilities are consistent with the Implementation Plan for the project, and that no other reasonable means of financing the buildings is available to the community.

(c) The redevelopment purpose of the expenditure.

This Summary Report has been prepared to satisfy the above requirements, which are set forth in Sections 33445 and 33679 of the California Health and Safety Code.

A. Estimate of the Amount of Taxes Proposed to be Used to Pay for Land and Construction of Publicly Owned Buildings, Including Interest Payments ***(Health and Safety Code Section 33679(a))***

The Commission proposes to pay $1,000,000 for the expansion of the Art Museum, plus interest at the rate earned by the City's investment portfolio. As of December 31, 2006, the interest accrued on the $1 Million obligation pursuant to the Challenge Grant Agreement, at the rate earned by the City's investment portfolio, was $30,921. The interest payable by the Commission will continue to accrue on the balance of the grant amount until the final disbursement thereof.

B. Facts Supporting the Determinations Required to be Made by the City Council Pursuant to Section 33445 of the Health and Safety Code

(Health and Safety Code Section 33679(b))

1. Buildings, Facilities, Structures or Other Improvements are of Benefit to the Project Area or the Immediate Neighborhood in Which the Project is Located (Health and Safety Code Section 33445(1))

The expansion of the Art Museum will be of benefit to the Project by expanding and enhancing an important cultural resource within Downtown Oceanside for both residents of the City and visitors to the City. The Art Museum expansion is expected to have a catalyst effect of the Project, by drawing additional visitors to the downtown area, stimulating private development and investment within the downtown area, and encourage economic and social activity within the downtown area.

2. There is No Other Reasonable Means of Financing Such Buildings, Facilities, Structures, or Other Improvements Available to the Community (Health and Safety Code Section 33445(2))

As stated above, the Commission proposes to fund a portion of the cost of the expansion of the Art Museum. This cost cannot reasonably be expected to be financed through other means available to the community. The Museum Corporation has no additional funds available to pay for the remaining costs. The Museum Corporation has transmitted a letter to the City and the Commission stating that the grant from the Challenge Grant Agreement is necessary for the payment of the costs of construction of the Art Museum expansion, that other funds which it has raised will be necessary for Phase 2 of the Art Museum expansion and the endowment fund for the operation of the Art Museum, and that it has no other funds available for construction costs. The City has no additional funds available to pay for such costs. The City Budget Manager has reported to the City and the Commission that the City currently has an unappropriated General Fund balance of approximately $1 Million, all of which is necessary for the payment of unanticipated costs for City programs and projects currently in place. The Commission's primary source of funding, tax increment, is the only reasonable source of funding which is expected to be available to pay for any additional costs of the expansion of the Art Museum.

3. The Payment of Funds for the Acquisition of Land or the Cost of Buildings, Facilities, Structures or Other Improvements Will Assist in the Elimination of One or More Blighting Conditions Inside the Project Area, and is Consistent With the Implementation Plan adopted pursuant to Section 33490 (Health and Safety Code Section 33445(a)(3))

In the Report to the City Council prepared by the Commission with respect to the City's adoption of the Project, the Commission found that the Project Area was characterized by deterioration and dilapidation of buildings; inadequate area parking; incompatible land uses; inadequate shape and size of parcels, inadequate condition and location of existing public infrastructure; beach erosion; and the potential of toxic and hazardous materials. Examples of specific physical blighting conditions found within the Project Area included vacant or underutilized land, building code violations, age and obsolescence of improvements, and the lack of tourist amenities and accommodations. The Commission's 2005-09 Implementation Plan stated that the blighted economic conditions still found in the Project Area are characterized by a historic lack of commercial investment by property owners and by businesses in the area; and a high commercial vacancy factor. One of the examples of economic blight discussed in the Implementation Plan was the lack of tourist accommodations and activities. The Implementation Plan stated that the Project Area also has serious infrastructure deficiencies. The expansion of the Art Museum will provide additional public improvements and public facilities which will assist to eliminate some of those blighting conditions which were identified in the Report to the City Council and the 2005-09 Implementation Plan. The expansion of the Art Museum will upgrade public infrastructure and provide additional tourist amenities, which is anticipated to stimulate private investment in real property in the downtown area, and to improve and maintain property values within the Project.

The payment of a portion of the costs of the Art Museum expansion will be consistent with the Implementation Plan for the Project, which identifies goals and objectives which include providing necessary public improvements to encourage desired private developments, attracting and supporting catalyst projects to spur additional reinvestment in the Project, and establishing downtown Oceanside as a business and visitor center for commerce, recreation, tourism, entertainment and residential uses for the existing community and visitors. The Art Museum expansion would satisfy the above objectives of the Implementation Plan by providing for the expansion of the Art Museum, which will have the effect of expanding and enhancing an important cultural resource within Downtown Oceanside, which is expected to draw additional visitors to the downtown area, stimulate private development and investment within the downtown area and encourage economic and social activity within the City.

C. The Redevelopment Purpose for Which Such Taxes are Being Used to Pay for the Land and Construction of Such Publicly Owned Buildings *(Health and Safety Code Section 33679(c))*

The Redevelopment Law states that the provision of public improvements is a fundamental purpose of redevelopment. The definition of "redevelopment" within the California Community Redevelopment Law includes "the provision of those . . . public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare" (Health and Safety Code Section 33020), and the "Provision for ... public or private buildings, structures and improvements, and improvements of public or private recreation areas and other public grounds" (Health and Safety Code Section 33021(b)). The financing of a portion of the costs of expansion of the Art Museum would satisfy the above purposes by making available public structures and spaces which are integral to the proper functioning of the Project.

RESOLUTION NO. ___

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE APPROPRIATING FUNDS FOR THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Community Development Commission of the City of Oceanside (the "Commission") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Commission's Downtown Redevelopment Project (the "Project"); and

WHEREAS, the Oceanside Museum of Art, located at 704 Pier View Way in the City (the "Art Museum") on land leased from the City of Oceanside (the "City"), is a cultural and social hub for the Oceanside community, attracting national and international shows which reflect a variety of performing arts, including chamber music concerts, choral and dance performances, lectures, films, paintings, glass, sculpture, quilting and modern furniture; and

WHEREAS, the Oceanside Museum of Art, Inc. (the "Museum Corporation") has proposed to expand the Art Museum through the construction of a 15,880 square foot, three level central pavilion on the parking lot located adjacent to the Art Museum; and

WHEREAS, the expansion of the Art Museum was estimated to cost $5.35 Million, and as of 2005 the Museum Corporation had raised more than $3 Million in private donations toward the expansion project; and

WHEREAS, pursuant to the terms of the Lease between the City and the Museum Corporation, the Art Museum and the expansion of the Art Museum will be owned by the City; and

WHEREAS, the City has entered into a "Challenge Grant Agreement" with the Museum Corporation, dated as of September 7, 2005, which requires the City to provide up to $1 Million, plus interest at the rate earned by the City's investment portfolio, to match additional funds raised by the Museum Corporation for the expansion of the Art Museum, as an incentive for private parties to donate further funds for the Art Museum

expansion; and

WHEREAS, subsequent to the approval of the Challenge Grant Agreement the Museum Corporation has raised more than $1 Million in additional funds for the expansion of the Art Museum, and has qualified to receive the additional funding from the City pursuant to the Challenge Grant Agreement; and

WHEREAS, the City has proposed that the Commission pay the $1 Million grant, plus interest at the rate earned by the City's investment portfolio, payable pursuant to the Challenge Grant Agreement; and

WHEREAS, Section 33445 of the California Community Redevelopment Law authorizes a redevelopment agency, with the consent of the legislative body, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area upon certain findings; and

WHEREAS, Section 33679 of the California Community Redevelopment Law requires that before a redevelopment agency commits to use property tax increment funds to pay the cost of land for and installation and construction of publicly owned buildings, the legislative body shall hold a public hearing thereon; and

WHEREAS, prior to such public hearing the legislative body is required to give notice of the hearing and to make available for public inspection a summary report which estimates the amount of taxes proposed to be used to pay for such public facilities, which sets forth the facts supporting the determinations required to be made pursuant to Health and Safety Code Section 33445, and which sets forth the redevelopment purpose for which such taxes are being used; and

WHEREAS, the City Council has previously determined, in its adoption of the ordinance approving the Downtown Redevelopment Project, that the Project and the neighborhood of the Art Museum was blighted, with conditions including the lack of commercial investment by property owners and by businesses in the area, inadequate condition and location of existing public infrastructure, and the lack of tourist amenities and accommodations; and

WHEREAS, the Agreement would provide for the elimination of such blighting

conditions by providing for the construction of a high quality expansion to the existing Art Museum and related improvements in place of the previously blighted conditions, and would result in private investment in the downtown Oceanside area which would eliminate blight in those adjacent areas as well; and

WHEREAS, the Commission has adopted an Implementation Plan for the Project pursuant to Health and Safety Code Section 33490, which identifies goals and objectives which include providing necessary public improvements to encourage desired private developments, attracting and supporting catalyst projects to spur additional reinvestment in the Project, and establishing downtown Oceanside as a business and visitor center for commerce, recreation, tourism, entertainment and residential uses for the existing community and visitors; and

WHEREAS, the Art Museum expansion would satisfy the above objectives of the Implementation Plan by providing for the expansion of the Art Museum, which will have the effect of expanding and enhancing an important cultural resource within Downtown Oceanside, which is expected to draw additional visitors to the downtown area, stimulate private development and investment within the downtown area and encourage economic and social activity within the City; and

WHEREAS, the Museum Corporation has raised funds for the construction of the Art Museum expansion which will pay for more than $4 Million of the cost of the Art Museum expansion; and

WHEREAS, the Museum Corporation has transmitted a letter to the City and the Commission stating that the grant from the Challenge Grant Agreement is necessary for the payment of the costs of construction of the Art Museum expansion, that other funds which it has raised will be necessary for Phase 2 of the Art Museum expansion and the endowment fund for the operation of the Art Museum, and that it has no other funds available for construction costs; and

WHEREAS, the City Budget Manager has reported to the City and the Commission that the City currently has an unappropriated General Fund balance of approximately $1 Million, all of which is necessary for the payment of unanticipated costs for City programs and projects currently in place; and

WHEREAS, there are no other reasonable means of financing the remaining cost of the Art Museum expansion available to the community, as the Museum Corporation and the City have no additional funds available to pay for the remaining costs; and

WHEREAS, Section 323 of the Redevelopment Plan for the Project provides for the Commission to pay all or part of the cost of the installation of publicly owned improvements inside or outside of the Project; and

WHEREAS, a joint public hearing of the Commission and City Council on the proposed Agreement was duly noticed in accordance with the requirements of Health and Safety Code Sections 33431, 33433 and 33679; and

WHEREAS, a summary report meeting the requirements of Health and Safety Code Section 33679 was available for public inspection prior to the joint public hearing consistent with the requirements of Health and Safety Code Section 33679; and

WHEREAS, on January 24, 2007, the Commission and City Council held a joint public hearing on the proposed Agreement, at which time the Commission reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the Commission has reviewed the summary required pursuant to Health and Safety Code Section 33679 and evaluated other information provided to it pertaining to the findings required pursuant to those code sections; and

WHEREAS, on November 2, 2004, the City adopted a Mitigated Negative Declaration for the expansion of the Art Museum as the lead agency pursuant to the California Environmental Quality Act ("CEQA"); and

WHEREAS, no subsequent environmental impact report or negative declaration is required for the Art Museum expansion because there have been no substantial changes in the project, changes with respect to the circumstances under which the project is being implemented, or new information of substantial importance, which would require the preparation of a subsequent or supplemental environmental impact report or negative declaration as required by Sections 15162 or 15163 of the CEQA Guidelines; and

WHEREAS, the Commission has considered the Mitigated Negative Declaration, and all other evidence in the record relating to the Mitigated Negative Declaration, including all public comments thereon; and

WHEREAS, the Mitigated Negative Declaration reflects the Commission's own independent judgment; and

WHEREAS, the Commission believes that the appropriation of funds for the expansion of the Art Museum is in the best interests of the City of Oceanside and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, the Community Development Commission of the City of Oceanside does resolve as follows:

SECTION 1. The Commission hereby finds and determines that the Art Museum expansion will eliminate blight within the Project by providing for the proper reuse and redevelopment of a portion of the Project which was declared blighted for the reasons described above, and by attracting private investment to surrounding areas of the Project which have been declared blighted.

SECTION 2. The Commission hereby finds and determines that the Agreement and the Commission's payment of a portion of the costs of the Art Museum expansion is consistent with the provisions and goals of the Implementation Plan and the Redevelopment Plan.

SECTION 3. The Commission finds and determines that there are no other reasonable means of financing the remaining costs of the Art Museum expansion available to the community, other than the funds of the Commission.

SECTION 4. The Commission hereby finds and determines that the Art Museum expansion will be of benefit to the Project.

SECTION 5. The Commission hereby appropriates the sum of One Million Dollars ($1,000,000), plus interest at the rate earned by the City's investment portfolio, to be used to pay for costs of the Art Museum expansion pursuant to the Challenge Grant Agreement.

SECTION 6. The Commission hereby approves the Mitigated Negative

Declaration as a responsible agency. The Secretary of the Commission is hereby authorized and directed to file a Notice of Determination with the County of San Diego and the California Office of Planning and Research within five days hereof.

SECTION 7. The Commission Secretary shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the Community Development Commission of the City of Oceanside, California, this _____ day of _____, 2007, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
CHAIRMAN OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE

ATTEST:

_____
Commission Secretary

APPROVED AS TO FORM:

_____
Commission General Counsel

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE APPROPRIATING FUNDS FOR THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

RESOLUTION NO. ___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING THE APPROPRIATION OF FUNDS BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE FOR THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

WHEREAS, the Community Development Commission of the City of Oceanside (the "Commission") is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Commission's Downtown Redevelopment Project (the "Project"); and

WHEREAS, the Oceanside Museum of Art, located at 704 Pier View Way in the City (the "Art Museum") on land leased from the City of Oceanside (the "City"), is a cultural and social hub for the Oceanside community, attracting national and international shows which reflect a variety of performing arts, including chamber music concerts, choral and dance performances, lectures, films, paintings, glass, sculpture, quilting and modern furniture; and

WHEREAS, the Oceanside Museum of Art, Inc. (the "Museum Corporation") has proposed to expand the Art Museum through the construction of a 15,880 square foot, three level central pavilion on the parking lot located adjacent to the Art Museum; and

WHEREAS, the expansion of the Art Museum was estimated to cost $5.35 Million, and as of 2005 the Museum Corporation had raised more than $3 Million in private donations toward the expansion project; and

WHEREAS, pursuant to the terms of the Lease between the City and the Museum Corporation, the Art Museum and the expansion of the Art Museum will be owned by the City; and

WHEREAS, the City has entered into a "Challenge Grant Agreement" with the Museum Corporation, dated as of September 7, 2005, which requires the City to provide up to $1 Million, plus interest at the rate earned by the City's investment portfolio, to

match additional funds raised by the Museum Corporation for the expansion of the Art Museum, as an incentive for private parties to donate further funds for the Art Museum expansion; and

WHEREAS, subsequent to the approval of the Challenge Grant Agreement the Museum Corporation has raised more than $1 Million in additional funds for the expansion of the Art Museum, and has qualified to receive the additional funding from the City pursuant to the Challenge Grant Agreement; and

WHEREAS, the City has proposed that the Commission pay the $1 Million grant, plus interest at the rate earned by the City's investment portfolio, payable pursuant to the Challenge Grant Agreement; and

WHEREAS, Section 33445 of the California Community Redevelopment Law authorizes a redevelopment agency, with the consent of the legislative body, to pay all or part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area upon certain findings; and

WHEREAS, Section 33679 of the California Community Redevelopment Law requires that before a redevelopment agency commits to use property tax increment funds to pay the cost of land for and installation and construction of publicly owned buildings, the legislative body shall hold a public hearing thereon; and

WHEREAS, prior to such public hearing the legislative body is required to give notice of the hearing and to make available for public inspection a summary report which estimates the amount of taxes proposed to be used to pay for such public facilities, which sets forth the facts supporting the determinations required to be made pursuant to Health and Safety Code Section 33445, and which sets forth the redevelopment purpose for which such taxes are being used; and

WHEREAS, the City Council has previously determined, in its adoption of the ordinance approving the Downtown Redevelopment Project, that the Project and the neighborhood of the Art Museum was blighted, with conditions including the lack of commercial investment by property owners and by businesses in the area, inadequate

condition and location of existing public infrastructure, and the lack of tourist amenities and accommodations; and

WHEREAS, the Agreement would provide for the elimination of such blighting conditions by providing for the construction of a high quality expansion to the existing Art Museum and related improvements in place of the previously blighted conditions, and would result in private investment in the downtown Oceanside area which would eliminate blight in those adjacent areas as well; and

WHEREAS, the Commission has adopted an Implementation Plan for the Project pursuant to Health and Safety Code Section 33490, which identifies goals and objectives which include providing necessary public improvements to encourage desired private developments, attracting and supporting catalyst projects to spur additional reinvestment in the Project, and establishing downtown Oceanside as a business and visitor center for commerce, recreation, tourism, entertainment and residential uses for the existing community and visitors; and

WHEREAS, the Art Museum expansion would satisfy the above objectives of the Implementation Plan by providing for the expansion of the Art Museum, which will have the effect of expanding and enhancing an important cultural resource within Downtown Oceanside, which is expected to draw additional visitors to the downtown area, stimulate private development and investment within the downtown area and encourage economic and social activity within the City; and

WHEREAS, the Museum Corporation has raised funds for the construction of the Art Museum expansion which will pay for more than $4 Million of the cost of the Art Museum expansion; and

WHEREAS, the Museum Corporation has transmitted a letter to the City and Commission stating that the grant from the Challenge Grant Agreement is necessary for the payment of the costs of construction of the Art Museum expansion, that other funds which it has raised will be necessary for Phase 2 of the Art Museum expansion and the endowment fund for the operation of the Art Museum, and that it has no other funds available for construction costs; and

WHEREAS, the City Budget Manager has reported to the City and the

Commission that the City currently has an unappropriated General Fund balance of approximately $1 Million, all of which is necessary for the payment of unanticipated costs for City programs and projects currently in place; and

WHEREAS, there are no other reasonable means of financing the remaining cost of the Art Museum expansion available to the community, as the Museum Corporation and the City have no additional funds available to pay for the remaining costs; and

WHEREAS, Section 323 of the Redevelopment Plan for the Project provides for the Commission to pay all or part of the cost of the installation of publicly owned improvements inside or outside of the Project; and

WHEREAS, a joint public hearing of the Commission and City Council on the proposed Agreement was duly noticed in accordance with the requirements of Health and Safety Code Sections 33431, 33433 and 33679; and

WHEREAS, a summary report meeting the requirements of Health and Safety Code Section 33679 was available for public inspection prior to the joint public hearing consistent with the requirements of Health and Safety Code Section 33679; and

WHEREAS, on January 24, 2007, the Commission and City Council held a joint public hearing on the proposed Agreement, at which time the City Council reviewed and evaluated all of the information, testimony, and evidence presented during the joint public hearing; and

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the City Council has reviewed the summary required pursuant to Health and Safety Code Section 33679 and evaluated other information provided to it pertaining to the findings required pursuant to those code sections; and

WHEREAS, on November 2, 2004, the City adopted a Mitigated Negative Declaration for the expansion of the Art Museum pursuant to the California Environmental Quality Act; and

WHEREAS, the City Council believes that the appropriation of funds for the expansion of the Art Museum is in the best interests of the City of Oceanside and the health, safety, and welfare of its residents, and in accord with the public purposes and

provisions of applicable state and local laws and requirements.

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. The City Council hereby finds and determines that the Art Museum expansion will eliminate blight within the Project by providing for the proper reuse and redevelopment of a portion of the Project which was declared blighted for the reasons described above, and by attracting private investment to surrounding areas of the Project which have been declared blighted.

SECTION 2. The City Council hereby finds and determines that the Agreement and the Commission's payment of a portion of the costs of the Art Museum expansion is consistent with the provisions and goals of the Implementation Plan and the Redevelopment Plan.

SECTION 3. The City Council finds and determines that there are no other reasonable means of financing the remaining costs of the Art Museum expansion available to the community, other than the funds of the Commission.

SECTION 4. The City Council hereby finds and determines that the Art Museum expansion will be of benefit to the Project.

SECTION 5. The City Council hereby consents to the Commission's appropriation of the sum of One Million Dollars ($1,000,000), plus interest at the rate earned by the City's investment portfolio, to be used to pay for costs of the Art Museum expansion pursuant to the Challenge Grant Agreement.

SECTION 6. The City Council hereby finds and determines that the Art Museum expansion is within the scope of the project covered by the Mitigated Negative Declaration which was previously approved.

SECTION 7. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2007, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING THE APPROPRIATION OF FUNDS BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF OCEANSIDE FOR THE EXPANSION OF THE OCEANSIDE MUSEUM OF ART, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

May 3, 2006

Steven R. Jepsen, City Manager
City Of Oceanside
300 North Coast Highway
Oceanside, CA 92054

Dear Steve:

We are pleased to inform you that since the inception of the OMA Challenge Grant dated September 8, 2005, we have received more than the required $1,000,000 and are well on our way toward starting construction of our new building in the next few months. In accordance with the terms of the Challenge Grant Agreement, Oceanside Museum of Art herewith transmits the Capital Campaign Status Report showing our current totals.

Per the Agreement, the City should now have $1,000,000 set aside within its accounts for the OMA expansion which accrues interest to our benefit. If possible, we would like to receive a status of interest accrued to date.

Please call me if you require further information or documentation.

Thank you for your support of this important project.

Sincerely,

James R. Pahl
Executive Director

Enclosures: Pre-9/8/05 OMA Capital Campaign Status Report dated May 3, 2006.
Post-9/8/05 OMA Capital Campaign Status Report dated May 3, 2006.
OMA Capital Campaign Status Report Summary dated May 3, 2006.

Print Date: 5/3/06

OMA CAPITAL CAMPAIGN STATUS REPORT SUMMARY
Report Dated May 3, 2006

PRE-9-8-05

Board Members

	Gift	Pledge		
		Total Pledge	Paid to Date	Balance
Pre-9-8-05 Totals	$713,709.33	$78,500.00	$43,507.59	$34,992.41

Non-Board Members

	Gift	Pledge		
		Total Pledge	Paid to Date	Balance
	$1,413,519.85	$963,750.00	$495,541.90	$468,208.10

Pre-9-8-05 Total Pledges	$78,500.00	$963,750.00
Pre-9-8-05 Total Gifts and Pledges	$792,209.33	$2,377,269.85

PRE-9-8-05 CAMPAIGN TOTAL $3,169,479.18

POST -9-8-05

Board Members

	Gift	Pledge		
		Total Pledge	Paid to Date	Balance
Post-9-8-05 Totals	$33,150.00	$9,204.56	$1,304.56	$7,900.00

Non-Board Members

	Gift	Pledge		
		Total Pledge	Paid to Date	Balance
	$865,043.40	$102,000.00	$500.00	$50,500.00

Post-9-8-05 Total Pledges	$9,204.56	$102,000.00
Post-9-8-05 Total Gifts and Pledges	$42,354.56	$967,043.40

POST-9-8-05 CAMPAIGN TOTAL $1,009,397.96

CAMPAIGN TOTAL TO DATE $4,178,877.14

Pre-9-8-05 Non-Liquid Assets	$658,658.00	
Post-9-8-05 Non-Liquid Assets	$32,570.00	
Less Total Non-Liquid Assets		($691,228.00)
Pre-9-8-05 Pledge Balance - Board Members	$34,992.41	
Post-9-8-05 Pledge Balance - Board Members	$7,900.00	
Less Pledge Balance - Board Members		($42,892.41)
Pre-9-8-05 Pledge Balance - Non-Board Members	$468,208.10	
Post-9-8-05 Pledge Balance - Non-Board Members	$50,500.00	
Less Pledge Balance - Non-Board Members		($518,708.10)
Less Expenditures To Date (See separate schedule)		($382,775.24)
Plus Accrued Interest		$22,527.27
BALANCE - LIQUID ASSETS		**$2,565,800.66**

The signatures below certify the Oceanside Museum of Art's gaurantee of the collection of all pledged Project gifts, donations and assets.

James R. Pahl — Date
OMA Executive Director

Sandra Kemptor — Date
President, OMA Board of Trustees

Office of the City Manager

Memorandum

To: Honorable Mayor and Councilmembers

From: Steven R. Jepsen, City Manager

Date: May 12, 2006

Subject: Oceanside Museum of Art $1 million Challenge Grant

The Oceanside Museum of Art is pleased to inform the City of Oceanside that they have met their $1 million matching goal to allow escrow of the City's matching funds. In accordance with our September 8, 2005, Challenge Grant Agreement, Section 4.3, the City will place matching funds in an interest bearing account on a quarterly basis (up to $1 million) for use in constructing the Phase I Museum expansion. Our agreement further stipulates that City funds can only be drawn on after the Museum has spent fifty percent of their own funds towards the expansion.

We would expect to return to the City Council in a June meeting with an authorization request to formally establish the account as provided in our written agreement with the Oceanside Museum of Art. We will reconcile quarterly reports since September 8, 2005 to verify matching funds raised per the agreement and attribute interest to the account based on the City's overall portfolio return. The City Manager's office, Finance and the City Treasurer's office will work jointly on this effort.

Congratulations are due to the staff and Board of the Oceanside Museum of Art for making this important milestone in the Museum's expansion plans. The next step is the planning and construction of the Museum will be for the Museum board to assure that all funding availability is sufficient to pay for construction bid amounts prior to initiating construction on the expansion

SRJ:cg

cc: Rosemary Jones, City Treasurer
Mike Blessing, Deputy City Manager
Nita McKay, Financial Services Director
Peter Weiss, Director of Public Works
James R. Pahl, Executive Director OMA