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Attorneys for Petitioners/Plaintiffs,  
CITY OF GOLETA and SUCCESSOR  
AGENCY TO THE REDEVELOPMENT  
AGENCY FOR THE CITY OF GOLETA

SUPERIOR COURT OF THE STATE OF CALIFORNIA

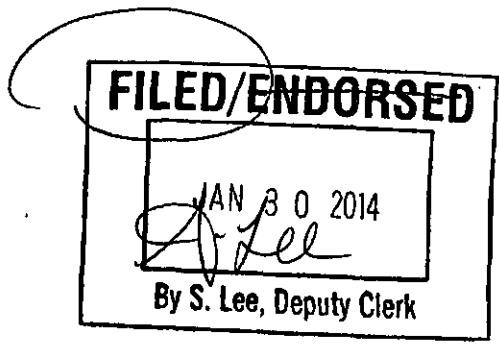
COUNTY OF SACRAMENTO

CITY OF GOLETA, a California municipal  
corporation; and SUCCESSOR  
AGENCY TO THE REDEVELOPMENT  
AGENCY FOR THE CITY OF GOLETA, a  
public entity,

Petitioners/Plaintiffs,

v.

MICHAEL COHEN, in his official capacity as  
Director of the California Department of Finance;  
CALIFORNIA DEPARTMENT OF FINANCE,  
a public agency; CALIFORNIA STATE  
BOARD OF EQUALIZATION, a public agency;  
ROBERT W. GEIS, in his official capacity as  
Santa Barbara County Auditor-Controller; JOHN  
CHIANG, in his official capacity as California  
State Controller; DOES 1 through 20; and ALL  
PERSONS INTERESTED IN THE  
FOLLOWING MATTERS: (1) The Indenture of  
Trust Dated as of March 1, 2011 by and between  
the Redevelopment Agency for the City of  
Goleta and The Bank of New York Mellon Trust  
Company, N.A., as Trustee Relating to  
\$16,085,000 Redevelopment Agency For the



CASE NO. 34-2013-80001521-CU-WM-GDS

Assigned for All Purposes to Judge Michael P.  
Kenny – Department 31

~~[PROPOSED]~~ ORDER GRANTING  
PRELIMINARY INJUNCTION

Date: December 6, 2013  
Time: 9:00 a.m.  
Location: Department 31

Date of Filing  
Of Complaint: June 10, 2013  
Trial Date: N/A



BY FAX

1 City of Goleta, Goleta Old Town Redevelopment  
2 Project 2011 Tax Allocation Bonds; (2) Bond  
3 Purchase Agreement dated March 3, 2011  
4 between the Redevelopment Agency for the City  
5 of Goleta, the Goleta Financing Authority, and  
6 Stone & Youngberg LLC; (3) Goleta  
7 Cooperation Agreement for Public Improvements  
8 No. 2006-81; (4) Goleta Cooperation Agreement  
9 for Public Improvements No. 2009-055; (5)  
10 Goleta Promissory Note Agreement No. 2010-  
11 059; (6) Joint Exercise of Powers Agreement by  
12 and between the City of Goleta, California and  
13 the City of Goleta Redevelopment Agency,  
14 Dated May 1, 2007, No. 2007-21;

15 Respondents/Defendants.

16 **TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

17 PLEASE TAKE NOTICE: This matter came on for hearing on December 6, 2013 at 9:00  
18 a.m., before the Honorable Michael P. Kenny in Department 31 of the above-entitled court. John  
19 Killeen and Seth Goldstein appeared on behalf of Respondents/Defendants California Department of  
20 Finance and Michael Cohen, in his official capacity as Director of the California Department of  
21 Finance. Jeffrey Dintzer and David Edsall, Jr. appeared on behalf of Petitioners/Plaintiffs City of  
22 Goleta and Successor Agency to the Redevelopment Agency for the City of Goleta.

23 After consideration of the briefs and supporting papers filed both in support and in opposition  
24 to Petitioners' Motion for Preliminary Injunction, the arguments of counsel, and for good cause  
25 appearing:

26 **IT IS HEREBY ORDERED THAT:**

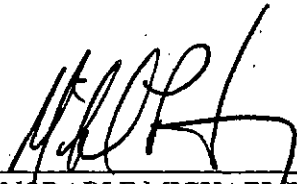
27 1. A preliminary injunction is hereby issued in this case enjoining respondent  
28 Department of Finance, and the other named respondents, from using, or threatening to use, the sales  
and use tax offset provisions of Health and Safety Code sections 34183.5(b)(2)(C) and  
34179.6(h)(1)(C) against the petitioners based on the items in dispute in this action.

2. The preliminary injunction is effective immediately and shall remain in effect until  
further order of this Court.

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3. The Court's Minute Order Re: Motion for Preliminary Injunction, attached as Exhibit A, is incorporated in this order.

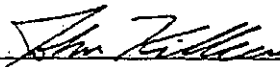
Dated: 1/30, 2014.

  
HONORABLE MICHAEL P. KENNY  
SUPERIOR COURT JUDGE

APPROVED AS TO FORM:

Dated: January 9, 2014


KAMALA D. HARRIS  
Attorney General of California

By:   
JOHN KILLEEN  
Deputy Attorney General

Attorneys for Respondents/Defendants,  
CALIFORNIA DEPARTMENT OF FINANCE  
and MICHAEL COHEN

Dated: January 10, 2014

GIBSON, DUNN & CRUTCHER LLP

By:   
JEFFREY D. DINTZER

Attorneys for Petitioners/Plaintiffs,  
CITY OF GOLETA; and SUCCESSOR  
AGENCY TO THE REDEVELOPMENT  
AGENCY FOR THE CITY OF GOLETA

# **EXHIBIT A**

**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SACRAMENTO**

<b>DATE/TIME</b>	<b>January 2, 2014, 9:00 a.m.</b>	<b>DEPT. NO</b>	<b>31</b>
<b>JUDGE</b>	<b>HON. MICHAEL KENNY</b>	<b>CLERK</b>	<b>D. LASHLEY</b>
<b>CITY OF GOLETA, a California municipal corporation; and SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE CITY OF GOLETA, a public entity,</b>  <b>Petitioners/Plaintiffs,</b>  <b>v.</b>  <b>MICHAEL COHEN, in his official capacity as Director of the State of California Department of Finance, et al.,</b>  <b>Respondents/Defendants.</b>		<b>Case No.: 34-2013-80001521</b>	
<b>Nature of Proceedings:</b>		<b>MINUTE ORDER RE: MOTION FOR PRELIMINARY INJUNCTION</b>	

On December 6, 2013, the Court heard oral argument on petitioner's motion for a preliminary injunction. At the close of the hearing, the Court took the matter under submission. The Court subsequently issued a minute order directing the parties to meet and confer regarding the need for issuance of a preliminary injunction in light of the Court's ruling in *League of California Cities, et al., v. Matosantos, et al.*, Case No. 2012-80001275. The minute order further directed petitioner to file a status conference statement with the Court addressing that question by December 20, 2013.

The Court has received and reviewed the status conference statement and the accompanying declaration, which petitioner filed on December 19, 2013. From those filings, it is apparent that respondent Department of Finance will agree to refrain from using the sales and use tax offset provisions of the redevelopment dissolution laws only so long as the declaratory judgment, injunction and writ of mandate issued in the *League of California Cities* case are in effect. If the judgment in the *League of California Cities* case is appealed, the Court's rulings invalidating the sales and use tax offset provisions would be stayed, creating the potential that respondent Department of Finance could (and would) resume ordering such offsets. Given the state of the Court's calendar, it is not certain that the hearing on the merits in this case may occur before an appeal can be filed in the *League of California Cities* case. Thus, enforcement action through sales and use tax offsets prior to a final decision in this case cannot be ruled out. The Court therefore concludes that petitioners' motion for a preliminary injunction is not moot, and will rule on the motion, as follows.

The Court has considered the oral and written arguments and the evidence presented by the parties in connection with the motion for preliminary injunction. Petitioners' motion for a preliminary injunction is GRANTED as set forth below.

The petition in this case raises the issue of the constitutionality of the sales and use tax offset provisions of the redevelopment dissolution laws. In its ruling in the *League of California Cities* case, this Court found that the sales and use tax offset provisions contained in Health and Safety Code sections 34183.5(b)(2)(C) and 34179.6(h)(1)(C) are facially unconstitutional and invalid because they violate Article XIII, Section 24(b) of the California Constitution. Based on the analysis contained in that ruling, the Court concludes that petitioners have a very strong probability of prevailing on the merits in this case, at least with regard to the constitutional invalidity of those sales and use tax offset provisions.

The Court also concludes that petitioners have demonstrated that they will suffer significant irreparable injury if sales and use tax offsets are ordered while this case is pending. Such injury consists of the loss of tax revenues, which may not be recouped in a reasonable time, adversely affecting the City's ability to pay its bills. By contrast, the Court discerns no irreparable injury that respondents would suffer from the issuance of a preliminary injunction. The balance of harms therefore tips in favor of issuing the injunction.

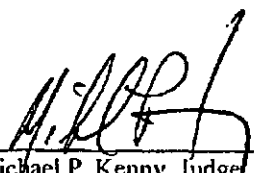
The Court therefore orders that a preliminary injunction be issued in this case enjoining respondent Department of Finance, and the other named respondents, from using, or threatening to use, the sales and use tax offset provisions of Health and Safety Code sections 34183.5(b)(2)(C) and 34179.6(h)(1)(C) against the petitioners based on the items in dispute in this action.

The preliminary injunction is effective immediately and shall remain in effect until further order of this Court.

Counsel for petitioners is directed to prepare a formal order granting their motion, and a preliminary injunction, and submit them to the Court after review by opposing counsel according to the procedure set forth in the Rule of Court 3.1312.

Dated: January 2, 2014



  
Michael P. Kenny, Judge  
Superior Court of California,  
County of Sacramento

**CERTIFICATE OF SERVICE BY MAILING**

**(C.C.P. Sec. 1013a(4))**

I, the Clerk of the Superior Court of California, County of Sacramento, certify that I am not a party to this cause, and on the date shown below I served the foregoing **MINUTE ORDER RE: MOTION FOR PRELIMINARY INJUNCTION** by depositing true copies thereof, enclosed in separate, sealed envelopes with the postage fully prepaid, in the United States Mail at Sacramento, California, each of which envelopes was addressed respectively to the persons and addresses shown below:

Jeffrey Dintzer  
David Edsall, Jr.  
Gibson Dunn  
333 South Grand Avenue  
Los Angeles, CA 90071-3197

Seth Goldstein  
John Killeen  
Office of the Attorney General  
P.O. Box 944255  
Sacramento, CA 94244-2550

I, the undersigned Deputy Clerk, declare under penalty of perjury that the foregoing is true and correct.

Dated:

1/21/14

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SACRAMENTO

By: D. LASHLEY,  
Deputy Clerk



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**CERTIFICATE OF SERVICE**

I, Jacquelyne E. Murray, declare as follows:

I am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 333 South Grand Avenue, Los Angeles, California 90071-3197, in said County and State. On **January 10, 2014**, I served the following document(s):

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**[PROPOSED] ORDER GRANTING PRELIMINARY INJUNCTION**

on the parties stated below, by placing a true copy thereof in an envelope addressed as shown below by the following means of service:

John Killeen, Esq. Deputy Attorney General Office of the Attorney General 1300 I Street, Suite 125 P.O. Box 944255 Sacramento CA, 95814 (916) 445-1685 (916) 324-8835 Counsel for Michael Cohen, Department of Finance, John Chiang, and California State Board of Equalization	Johannah L. Hartley, Esq. Deputy County Counsel 105 E. Anapamu Street, Suite 201 Santa Barbara, CA 93101 Counsel for Robert W. Geis, Santa Barbara County Auditor-Controller
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**BY MAIL:** I placed a true copy in a sealed envelope addressed as indicated above, on the above-mentioned date. I am familiar with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

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**BY PERSONAL SERVICE:** I placed a true copy in a sealed envelope addressed to each person[s] named at the address[es] shown and giving same to a messenger for personal delivery before 5:00 p.m. on the above-mentioned date.

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**BY UNITED PARCEL SERVICE:** On the above-mentioned date, I placed a true copy of the above mentioned document(s), together with an unsigned copy of this declaration, in a sealed envelope or package designated by United Parcel Service with delivery fees paid or provided for, addressed to the person(s) as indicated above and deposited same in a box or other facility regularly maintained by United Parcel Service or delivered same to an authorized courier or driver authorized by United Parcel Service to receive documents.

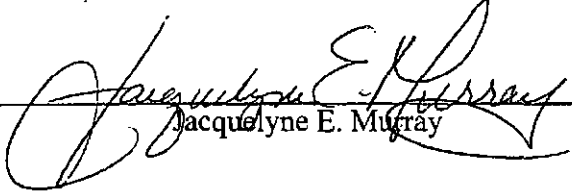
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I am employed in the office of **David Edsall, Jr.**, a member of the bar of this court, and that the foregoing document(s) was (were) printed on recycled paper.



I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on **January 10, 2014**.

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Jacquelyne E. Murray