

**PINOLE OVERSIGHT BOARD AGENDA
SPECIAL MEETING
(OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PINOLE
REDEVELOPMENT AGENCY)
FEBRUARY 5, 2014**

1. CALL TO ORDER & PLEDGE OF ALLEGIANCE

The Regular meeting of the Oversight Board of the Successor Agency to the Pinole Redevelopment Agency ("Oversight Board") was held in the Pinole Council Chambers, 2131 Pear Street, Pinole, California. In the absence of the Chair and Vice Chair, Board Member Martinez-Rubin called the meeting to order at 4:05 p.m., and led the Pledge of Allegiance

2. ROLL CALL, CLERK'S REPORT & STATEMENT OF CONFLICT

Board Members Present:

Mary Drazba, Vice-Chair, City of Pinole arrived at 4:14 p.m.
Norma Martinez-Rubin
Debbie Long
Peter Murray
Whitney Dotson

Board Members Absent/Excused:

John Marquez
Maureen Toms
The voting record reflects their absence.

Staff Members Present:

Hector De La Rosa, Assistant City Manager
Stephanie Downs, Assistant City Attorney
Richard Loomis, Finance Director
Patricia Athenour, City Clerk / Board Secretary

City Clerk reported that the agenda was posted on January 30, 2014 at 4 PM. All legally provided notice was provided. After being asked by the City Clerk to announce any conflicts with items on the agenda, the Oversight Board members stated there were no conflicts with any item on the agenda.

3. PUBLIC COMMENT

No citizens addressed the Oversight Board.

4. CONSENT CALENDAR MATTERS

A. Approve the Minutes of December 4, 2013

ACTION: Motion by Board Members Long/Dotson, the Oversight Board Approved the Minutes of December 4, 2013.

Vote: Passed 4-0; Absent: Drazba, Marquez, Toms.

5. MATTERS FOR CONSIDERATION

- A. Approve the Recognized Obligation Payment Schedule (ROPS 14-15A) For July – December 2014 In the Amount of \$4,438,388 **[OB Report No. 2014-01; Action: Adopt Resolution Per Staff Recommendation (Loomis)]**

Richard Loomis, Assistant City Attorney, entered the Oversight Board Report 2014-01 containing the Recognized Obligation Payment Schedule (ROPS 14-15A) for July – December 2014 in the amount of \$4,438,388 into the record. The deadline for this funding cycle is March 3, 2014. The ROPS has been prepared in the new format. He advised the Board that new information has been received since the draft resolution was prepared, and an additional item had been identified to be added to the ROPS 2014-15A. Part of the obligations are bond payments issued by the former Redevelopment Agency (Items 1-6 on the funding request), the residual items are support items and items related to mortgage debt. The administrative reimbursement is \$125,000 for each six month period. The Pinole Valley Shopping Center Restaurant Phase, #24, has been allowed, and is funded in the amount of \$2,500 per month, and the funds are reported under the “other “category.

The record reflected the arrival of Vice-Chair Drazba at 4:14.p.m. Vice-Chair Drazba presided for the remainder of the meeting.

Council Member Murray questioned why Item 19 was carried forward on the report. Regarding Shelter Bay, Murray asked if it would continue to be listed if it was not reimbursable by the state.

Finance Director Loomis responded that there is \$5,500 unexpended, but he did not expect a claim from Mr. Moore as he believed the project has been completed. He said he could remove it, if directed by the Board.

Board Member Long concurred with Board Member Murray regarding Item 19, stating it needs to be closed out on the books.

Regarding the Shelter Bay item, Mr. Loomis said the City believes it is an enforceable obligation. The tenants have been paying for the property management for approximately five years, subsequent to the dissolution of the Agency. The Successor Agency is no longer is a property owner in that phase, since the pylon sign parcel was sold, but Loomis said it made sense that administrative oversight must be provided, and thus we continue to be involved in it.

Assistant City Attorney Downs said we received funding from those property owners for the Fitzgerald Drive overpass and monitor the money that is still coming to us annually.

Vice-Chair Drazba said that Shelter Bay is tasked with collecting the funds from the Fitzgerald Overpass.

Board Member Long asked whether the income received offsets the cost of Shelter Bay. Mr. Loomis responded that the annual income from the four parcels was \$32,000 and would continue for 13 – 14 years.

Regarding Item 19, Vice Chair Drazba said she noted it due to the screening on the roof, and thought it had been resolved..

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Assistant City Attorney Downs said the State will not allow the removal of items from the ROPS, they can be shown as “zero.” Mr. Loomis said he would show it as a completed item. He had been showing the closed items, and it was the discretion of the Board, as it is was an internal item. He will in the future only report the active items.

Stephanie Downs, City Attorney, informed the Board if an item that came to staff’s attention the day prior. The Redevelopment Agency had agreed to be a co-borrower on a loan with C & H Construction, and entered into a “Tenants in Common” agreement with the buyer as a co-signer. A balloon payment due on December 31, 2013 was not made, and the City received a default notice. Until that time, staff was not aware that the Agency was a co-owner of the property. It is determined to be a valid, enforceable obligation. The intent appears that the other co-borrower would make all the payments, which they had until now. Staff is recommending and seeking authorization to add the \$400,000 to the ROPS and authorize the Executive Director to enter into negotiations with Mechanics Bank to refinance this with the other co-buyer.

Mr. Loomis said the item would be added as a contingent liability and through the process with the bank, C&H will complete the refinancing process and enter into a new loan and the City would not be responsible for loan payments on the property. If C&H cannot perform in the refinance component, they stand to lose their business property, 815 San Pablo, and their personal property as well. He believed them to be motivated.

Questions ensued from the Board regarding the matter. Board Member Murray was considering whether there were other alternatives and asked the amount of time the borrowers were being given, and staff was not aware of those terms. Board Member Long said only the first had to be refinanced, and the City/Successor Agency would continue to hold the second note, so nothing will change with respect to the position of the loans. Board Member Rubin asked staff if there could be other properties with similar terms.

Mr. Loomis said this was a surprise, and staff was not aware of any others.

Vice-Chair Drazba asked if staff had spoken to C & H. Mr. De La Rosa said he spoke to what to do moving forward, and they are waiting for Mechanics Bank to get back to them. Mechanics position is that both parties have to get together and come up with an agreement. He said staff believes that the bank wants the City to be co-owner if they are to loan.

Vice-Chair Drazba said the agreement in 2003 was that the City would be taken off the loan. City loan docs do not allow subordination if the documents do not support it. She asked if the City was prepared to look subordinating if C&H has to obtain another lender with terms that put the Successor Agency at further risk.

City Attorney Downs said there was insufficient information at this time and they could not speculate. \$330,000 is owed on the second, and the DOF has taken the position it is all housing, and they are not willing to split mixed use properties into housing and non-housing components.

Vice-Chair Drazba said it was possible the loan to C&H could have been one-hundred percent housing. Vice Chair Drazba suggested establishing a very rigid and strict schedule.

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Ms. Downs discussed if RPTTF funds were used, the Successor Agency would become the sole owner and to sell the property, would have to foreclose the second, if payments were not received.

ACTION: Motion by Board Members Murray / Dotson, the Oversight Board Adopted Resolution 2014-01, Approved the Recognized Obligation Payment Schedule (ROPS 14-15A) For July – December 2014 In the Amount of \$4,438,388, and

FURTHER ACTION: Motion by Board Members Murray /Dotson, the Oversight Board Adopted Resolution 2014-02, Approved the Addition Of Payment On The Mechanics Bank Loan For 815 San Pablo Avenue On The Recognized Obligation Payment Schedule (Rops) For The Period July 1 – December 31, 2014, & Authorized The Executive Director To Enter Into Negotiations With Mechanics Bank Related To The Payment Of The Loan.

Both actions were made with one motion.

Board Member Long brought to the attention of staff and the Board, that the second note also had a 10-year balloon payment, and would be due and payable in 2014, pursuant to the staff report dated July 15, 2003. However, this did not change the fact that the loan needed to be added to the ROPS as an enforceable obligation.

Vote: Passed 5-0; Absent: Marquez & Toms

Mr. Loomis said he would send a copy of the note to the Board Members tomorrow. It has not been shown as having a balloon payment on the AmeriNational spreadsheets.

Assistant City Attorney Downs reported that the City's hearing before the Department of Finance was scheduled on May 9, 2014.

As follow up from last time, 2301 San Pablo Avenue was left off and asked if it was added on.

6. ADJOURNMENT

At 4:47 p.m., Vice-Chair Drazba adjourned the Regular Oversight Board Meeting to the next Regular Meeting on August 6, 2014

Submitted by:

**Patricia Athenour, MMC
Pinole City Clerk / Clerk to the Oversight
Board of the Successor Agency to the
Pinole Redevelopment Agency**

Approved by Oversight Board:

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