



**CITY OF BELL GARDENS
 SUCCESSOR AGENCY TO THE COMMUNITY
 DEVELOPMENT COMMISSION
 REGULAR MEETING
 MONDAY, FEBRUARY 22, 2016, 6:00 P.M.
 MINUTES**

LOCATION: CITY COUNCIL CHAMBER, 7100 GARFIELD AVENUE, BELL GARDENS, CA

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the Successor Agency Secretary at (562) 806-7706. Notification 48 business hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

CALL TO ORDER – Chair Rodriguez called the meeting to order at 6:00 p.m.

INVOCATION – was led by Pastor Richard Jarman.

PLEDGE OF ALLEGIANCE – was led by former Council Member Salvador Franco.

ROLL CALL OF SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION MEMBERS

Present: Flores, Mendoza, Pulido, Aceituno, Rodriguez
 Absent: None

**PUBLIC COMMENTS ON AGENDA ITEMS ONLY
 (Three minutes per person, subject to a total period of 30 minutes)**

No comments.

CONSENT CALENDAR (Items No. 1-2)

A motion was made by Chair Rodriguez and seconded by Agency Member Mendoza to approve Items No. 1 and 2 on the Consent Calendar. The motion carried 5-0 with the following vote.

AYES: Flores, Mendoza, Pulido, Aceituno, Rodriguez
 NOES: None
 ABSENT: None
 ABSTAIN: None

1. MINUTES

February 8, 2016 – Regular Meeting Minutes

Recommendation: It is staff's recommendation that the Successor Agency to the Community Development Commission approve the minutes for the Regular Successor Agency Meeting of February 8, 2016.

2. WARRANT REGISTERS AND WIRE TRANSFERS

Recommendation: It is staff's recommendation that the Successor Agency receive and file the following transactions.

Warrant register dated	1/26/16	Check #s	12769	\$	<u>5,523.00</u>
			Total	\$	<u><u>5,523.00</u></u>

In approving the action of receiving and filing the warrant registers, the official minutes of the Bell Gardens Successor Agency to the Community Development Commission should state that each individual member of

the Successor Agency is not voting on, influencing the outcome of, or participating in approving, accepting, receiving, or filing any warrant which bears the name of the same Successor Agency member, or pays for any costs or expenses, or otherwise benefits the same named Successor Agency member. Each Successor Agency member will not be participating, influencing, or voting on any such warrant bearing their name or which benefits the same named Successor Agency member, but with that exception is voting in favor of receiving and filing all other warrants contained in this report, unless otherwise noted on the record at the time of the approval of the action required by this report.

DISCUSSION (Item No. 3)

3. PURCHASE AND SALE AGREEMENT FOR THE SALE OF THE PROPERTY LOCATED AT 5700 FLORENCE AVENUE TO PRIMESTOR EL PORTAL, LLC

Between 1987 and 2001, the former Community Development Commission ("CDC") utilized redevelopment funds to acquire multiple properties near the southeast corner of Florence and Eastern Avenues. The various properties were assembled for the development of a 6.58 acre commercial shopping center, which would be known as Village Square. On October 11, 2004, the CDC entered into a Disposition and Development Agreement and a Ground Lease with Primestor El Portal, LLC ("Primestor"). The ground lease term is for fifty-five (55) years, with three tenant options to extend, and the annual lease payment is \$121,944. On February 1, 2012, the CDC was dissolved by way of AB 1x26 and the California Supreme Court's ruling in *California Redevelopment Association v. Matosantos* (2011) 53 Cal. 4th 231. AB 1x26 (as subsequently amended by AB 1484, the "Dissolution Act"). Upon dissolution, all of its assets and real properties, including Village Square, were transferred to the control of the Successor Agency for management. Under the Dissolution Act, all successor agencies were required to prepare a Long Range Property Management Plan, providing for the disposition and use of the real properties controlled by the successor agencies. The Successor Agency prepared the required LRPMP, which was approved with minor modifications by the California Department of Finance ("DOF") on December 22, 2015. Regarding Village Square, the DOF's approval of the LRPMP stated that the property "will be sold at fair market value and the proceeds of the sale will be used to pay enforceable obligations." Under the terms of the existing Ground Lease, Primestor holds a right of first refusal regarding the sale of the Village Square property. Primestor has expressed its desire to acquire the property and continue to operate it as a commercial shopping center. Primestor has extensive expertise as both a developer and operator of commercial centers. Along with its history in the City, and its proven track record of adding value to our downtown commercial district, they are the logical choice to purchase this property. The firm of CBRE, Inc. prepared an appraisal of the property. The appraisal analyzed the discounted cash flow derived from the annual lease payments and concluded that the leased fee interest in the underlying land, which is encumbered by the long-term ground lease, is \$2,200,000. Successor Agency staff and its consultant reviewed the appraisal and concluded that while the \$2,200,000 appraised value of the leased fee interest represents a fair market value, a more equitable purchase price for the property is \$2,500,000. In the event the Oversight Board approves of the sale, the Successor Agency will no longer receive the annual ground lease rent of \$121,944 and all net proceeds from the \$2,500,000 sale shall be distributed to the various taxing entities or used to repay enforceable obligations, as required by the Dissolution Act. As one of the taxing entities, the City of Bell Gardens' percentage of the one-time net sales proceeds distribution will be approximately 9.2%. The remaining 90.8% would be distributed to the state educational funds, the local school districts, the County of Los Angeles, special districts, and numerous other small taxing entities. The City will still receive its portion of the on-going property tax generated by the property and improvements as assessed by the County Assessor. With respect to the Successor Agency, Dissolution Law authorizes the Successor Agency to recoup employee costs associated with work on specific project implementation activities, including, but not

limited to, construction inspection, project management or actual construction shall be considered project-specific costs and shall not constitute administrative costs pursuant to Health & Safety Code Section 34171(b)(5). Under the proposed Purchase and Sale Agreement, the Successor Agency will be reimbursed for reasonable staff time and professional services fees for independent appraisal peer review and legal services associated with the preparation of the Purchase and Sale Agreement. The reimbursement will be paid via escrow at the closing of escrow. Broker's commission, if any, is to be paid by Primestor.

Recommendation: It is staff's recommendation that the Successor Agency to the former Bell Gardens Community Development Commission ("Successor Agency") adopt Resolution No. 2016-03, approving a purchase and sale agreement, by and between the Successor Agency and Primestor El Portal, LLC for the sale of the Village Square Shopping Center ("Village Square") located at 5700 Florence Avenue, Bell Gardens, California, subject to the approval of the Oversight Board in accordance with the approved Long Range Property Management Plan ("LRPMP").

Executive Director Phil Wagner gave a brief introduction to the item and asked Community Development Director Abel Avalos to give a PowerPoint presentation.

Vice Chair Aceituno asked for clarification on when money loaned to the Redevelopment Agency from the City would be repaid.

Community Development Director Abel Avalos clarified that the repayment of those loans is not a part of the recommended transaction and he asked Finance Director Will Kaholokula to respond regarding repayment of the Redevelopment loans.

Finance Director Will Kaholokula stated that the loans to be repaid were approved by the Oversight Board in the amount of \$19 million, and the dissolution law has a formula for how the City will get repaid on those loans. He stated that in the last Recognized Obligation Payment Schedule the City was paid \$700,000 and moving forward it will be a slow process to get everything paid back over a number of years.

Vice Chair Aceituno asked for a timeframe of how many years it will actually take to finish getting repaid.

Finance Director Will Kaholokula stated that the formula is not static and will vary depending on payments to taxing entities.

Vice Chair Aceituno requested that the City Council be notified when a repayment on the loan is made, and that the City Council be given a breakdown of what the City will get and when it is expected to get it.

Agency Member Mendoza asked what the processing timeline would be.

Community Development Director Abel Avalos stated that if the Successor Agency approved the transaction then the item would be taken to the Oversight Board for approval on March 3, 2016 and he explained that the latest closing date would be May 3, 2016 but depending on Primestor, it could happen faster.

Vice Chair Aceituno asked for clarification on the asking price for the property.

Community Development Director Abel Avalos stated that the property is encumbered by a long term ground lease. He further stated that the Redevelopment Agency owns the land and

Primestor owns the property and clarified that the Department of Finance approved the Long Range Property Management Plan contingent upon the sale of this property.

Executive Director Phil Wagner explained that the property was not marketed for sale because under the current contract Primestor has the first right of refusal.

Community Development Director Abel Avalos further explained that even if Primestor did not have the first right of refusal, the asking price would be the same.

Agency Member Mendoza asked if there would be any impact to the businesses on that property.

Community Development Director Abel Avalos stated that there would be no impact to the businesses.

A motion was made by Vice Chair Aceituno and seconded by Agency Member Mendoza, to adopt Successor Agency Resolution No. 2016-03, approving a purchase and sale agreement, by and between the Successor Agency and Primestor El Portal, LLC for the sale of the Village Square Shopping Center ("Village Square") located at 5700 Florence Avenue, Bell Gardens, California, subject to the approval of the Oversight Board in accordance with the approved Long Range Property Management Plan ("LRPMP"). The motion carried 5-0 with the following vote.

AYES: Flores, Mendoza, Pulido, Aceituno, Rodriguez
NOES: None
ABSENT: None
ABSTAIN: None

PUBLIC COMMENTS ON NON-AGENDA ITEMS UNDER THE SUBJECT MATTER JURISDICTION OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION

(Three minutes per person, subject to a total period of 30 minutes)

No comments.

SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION MEMBER COMMENTS

No comments.

ADJOURNMENT – Chair Rodriguez adjourned the Successor Agency meeting at 6:28 p.m.



Kristina Santana
Successor Agency Secretary