REGULAR MEETING

Oversight Board Meeting
for the
City of San Bernardino as Successor Agency
to the
Redevelopment Agency of the City of San Bernardino

AGENDA

MONDAY, May 14, 2012, 11:00 am

Economic Development Agency Board Room
201 North E Street, Suite 301, San Bernardino, CA 92401
(909) 663-1044

The Oversight Board recognizes its obligation to provide equal access to those individuals with disabilities. Please contact us at (909) 663-1044 two working days prior to the meeting for any requests for reasonable accommodation that includes interpreters.

CHAIRMAN CALLS MEETING TO ORDER

1. Call to Order

   Jim Morris, City of San Bernardino, Mayor Appointee
   Doug Headrick, San Bernardino Valley Municipal Water District, Largest Special District Appointee
   Carey K. Jenkins, Representing Former RDA Employees, Mayor Appointee
   Mary O'Toole, County of San Bernardino Board of Supervisors Appointee
   Gloria Macias-Harrison, County of San Bernardino Member of the Public Appointee
   John Longville, Chancellor of the California Community Colleges Appointee
   Margaret Hill, County Superintendent of Education Appointee

2. Public Comments: A three-minute limitation shall apply to each member of the public who wishes to address the Oversight Board on a matter not on the agenda. No member of the public shall be permitted to "share" his/her three minutes with any other member of the public. (Usually any items heard under this heading are referred to Staff for further study, research, completion and/or future Oversight Board action).

3. Approval of Minutes of May 4, 2012 meeting - Present: Chairman Morris; Board Members: Headrick, Macias-Harrison, Jenkins, Longville, and O'Toole

4. Projects
   a. Home Depot – A) That the Oversight Board confirm the transfer dated March 18, 2011 to the SBEDC of the vacant property in the area bounded by Highland Avenue, Arden Avenue, 20th Street and Guthrie Avenue in the area commonly known as the North Arden Guthrie area; B) Confirmation of the transfer of the Arden Guthrie property will allow First American Title Company to provide preliminary title insurance for the sale of the property; and C) adopt the attached Resolution.

b. Glen Aire and Pacific Palms Mobile Home Park: Revised HUD Subordination Review and Approval - Recommend to Successor Agency Approval of the Subordination of the Redevelopment Agency of the City of San Bernardino Tax Regulatory Agreement Liens Existing on the Property Comprising the Glen Aire Mobilehome Park and Pacific Palms Mobilehome Park within the City of San Bernardino to the New Lien of the Department of Housing and Urban Development in Order to Provide for a Refinancing of the Current Lien of the Department of Housing and Urban Development Existing on the Subject Properties

5. Recognized Obligation Payment Schedule ("ROPS") for the Period of July 1, 2012 – December 31, 2012 (Continued from April 23, 2012)

6. Update of ROPS for the Period of January 1,2012 – June 30, 2012 and information to Department of Finance

7. Upcoming Oversight Board Items/Pending Requirements
   - Successor Agency Administrative Budget
   - Audit of Successor Agency (Pending by Auditor Controller)
   - Cash Flow Analysis
   - Update on employee layoffs
   - CMB Auto Mall Sign Loan
   - CMB $16,000,000
   - Loma Linda University Project Concept at Rialto and E Intermodal Center

8. Adjournment
   The next regularly scheduled meeting is Monday, May 28, 2012; however, the Agency/City Hall will be closed in observance of the Memorial Day Holiday so the next meeting is to be determined (potential Regular meeting of Oversight Board at 11 am on Tuesday, May 29, 2012 or Monday, June 11, 2012 to be held at the EDA Board Room at 201 North "E" Street, Suite 301, San Bernardino).

SPECIAL ACTION MINUTES

OVERSIGHT BOARD
for the
City of San Bernardino as Successor Agency
to the
Redevelopment Agency of the City of San Bernardino

REGULAR MEETING
MAY 4, 2012
BOARD ROOM

The Special Meeting of the Oversight Board was called to order by Board Member Morris at 11:10 a.m., Friday, May 4, 2012, in the Economic Development Agency Board Room, 201 North "E" Street, Suite 301, San Bernardino, California.

ROLL CALL

Roll call was taken by Secretary Wyche with the following being present: Board Members Jenkins, Morris, Longville, Headrick, O'Toole and Macias-Harrison; Financial Analyst Crosby; Interim Executive Director Marzullo; Project Manager Turnbull; Project Manager Oquendo; Senior Urban Planner Smith; Agency Counsel Martyn; and Executive Secretary Chantha.

Absent: Board Member Hill.

Also in Attendance: Dolores Armstead, Charlene Dixon-Roberts, Curtis Stout, Robert Hampton and Julienne Caldera of the Northwest PAC; Mark Sandoval and Scott Beard, Mark Development, Inc.; Jeff Hardman, Home Depot; and Glenn Elssmann, MDC.

1. CALL TO ORDER – Board Member Jim Morris

Item number 4 taken before item number 2.

2. Approval of Minutes of April 23, 2012. Present: Chairman Morris; Board Members: Headrick, Hill, Jenkins, Longville, and O'Toole.

Board Member Longville made a motion, seconded by Board Member O'Toole that the minutes for the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino meeting of April 23, 2012 be approved as submitted in typewritten form.

The motion carried unanimously 6-0.

3. Public Comments

There were no public comments.

4. **Northwest Redevelopment Project Area Committee – Discussion of historical formation documents and disposition for the future.**

BOARD MEMBER LONGVILLE ARRIVED AT 11:15 AM

Following discussion and formal presentation to request continued funding by the Northwest Redevelopment Project Area Committee ("NWPAC"), a motion was made by Board Member Headrick, seconded by Board Member Jenkins that the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino add this item to the ROPS schedule for the period July 1, 2012 through December 31, 2012 one-half of the proposed budget for the NWPAC as presented and request the City Council as the Successor Agency to move to exercise the 2-year notice provision per the stipulated judgment.

The motion carried unanimously 6-0.

5. **Fair Political Practices Commission (FPPC) Conflict Analysis for Oversight Boards**

Following discussion and without formal motion the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino requested to receive a list of names.

6. **Project and Property Issues**

a. Home Depot

Informational purposes only. No action required.

b. Carousel Mall – New Construction and County Lease
That the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino discuss and take possible action regarding Carousel Mall New Construction and County Lease

No action required.

c. Loma Linda University Project Concept at Rialto and E Intermodal Center

Following discussion and without formal motion the Oversight Board for the City of San Bernardino as Successor Agency to the Redevelopment Agency of the City of San Bernardino request that this item be presented in the meeting of May 14, 2012 as the Board's first Closed Session item under the Real Property section.

7. **Update of Recognized Obligation Payment Schedule ("ROPS") for the Period January-June 2012**

No action required.

8. ROPS for the Period of July 1, 2012 – December 31, 2012 (Continued from April 23, 2012)

No action required.

9. Upcoming Oversight Board Items/Pending Requirements

- Successor Agency Administrative Budget
- Audit of Successor Agency
- Cash Flow Analysis
- Glen Aire and Pacific Palms Mobile Home Park: Revised HUD Subordination Review and Approval
- Home Depot
- Loma Linda University Project Concept at Rialto and E Intermodal Center

10. ADJOURNMENT

At 1:40 p.m., the meeting adjourned. The next regular meeting of the Oversight Board will take place on May 14, 2012 at 11:00 a.m., in the Economic Development Agency Board Room, 201 North "E" Street, Suite 301, San Bernardino, California.

By:_____
Lorraine Wyche, Secretary

DRAFT

OVERSIGHT BOARD

FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

TO: OVERSIGHT BOARD MEMBERS DATE: MAY 14, 2012

FROM: EMIL A. MARZULLO ITEM NO: **4 a**

SUBJECT: HOME DEPOT

ISSUE:

The issue before the Oversight Board is confirmation of the transfer of the Arden Guthrie property to the SBEDC by the Oversight Board which will allow First American Title Company to provide title insurance for the sale of the property in the amount of $4,400,000 to Home Depot U.S.A., Inc. and Mark Development, Inc.

RECOMMENDATIONS:

That the Oversight Board confirm the transfer dated March 18, 2011 to the SBEDC of the vacant property in the area bounded by Highland Avenue, Arden Avenue, 20th Street and Guthrie Avenue in the area commonly known as the North Arden Guthrie area.

Confirmation of the transfer of the Arden Guthrie property will allow First American Title Company to provide preliminary title insurance for the sale of the property.

BACKGROUND:

On January 10, 2011 the Community Development Commission of the City of San Bernardino (the "Commission") approved an Exclusive Right to Negotiate Agreement ("ERN") with Home Depot U.S.A., Inc. and Mark Development, Inc. (the "Developer"). This Agreement provides for the following:

- The Developers will develop the entire Site with a quality development to the satisfaction of the City and the SBEDC with an estimated value of $30,000,000.

- The Developers agree to pay $4,400,000 for the Site. This value is based upon a fair market appraisal conducted by the EDC, dated April 7, 2010. The Developers will also have to agree to comply with certain covenants imposed by HUD related to the Section 108 Loan. The

Developers will pay the sum of $50,000 by way of a non-refundable deposit, which will be applied against the purchase price should that event occur.

Home Depot U.S.A., Inc. will purchase 8.93 acres, and Mark Development, Inc. will purchase 8.50 acres.

On June 20, 2011 a Professional Services Agreement was approved with the Lilburn Corporation for the preparation of an Environmental Impact Report ("EIR") for the Arden Guthrie property. The draft EIR is complete. On May 23, 2012 the Planning Commission is expected to recommend to the Mayor and Common Council (the "Council") final certification of the EIR.

Term Sheet
Sale of the Arden Guthrie Property

- Location – Vacant Property bounded by Highland Avenue, Arden Avenue, 20th Street and Guthrie Avenue in the area commonly known as the North Arden Guthrie area.

- Parcel Size – 17.43 acres.

- Purchases – Home Depot U.S.A., Inc. and Mark Development, Inc. (the "Developer"). Home Depot U.S. A., Inc. will purchase 8.93 acres, and Mark Development, Inc. will purchase 8.50 acres.

- Appraisal – Completed April 7, 2010. Appraised value $4,400,000.

- Sale Price - $4,400,000.

- The Developers will develop the entire Site with a quality development to the satisfaction of the City and the SBEDC with an estimated value of $30,000,000.

RESOLUTION No. 2012-01

RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF SAN BERNARDINO AS SUCCESOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

WHEREAS, in 2006, the City and the Agency initiated relocation and clean-up of the now vacant Arden Guthrie property located in the area bounded by Highland Avenue, Arden Avenue, 20th Street and Guthrie Avenue (the "Property"); and

WHEREAS, there is approximately $10 million in liens against the property for code enforcement and clean-up, including but not limited to a 1007 $7.5 million HUD 108 loan; and

WHEREAS, on January 10, 2011, after on-going negotiations with Home Depot for acquisition of the Property, the Agency, Home Depot U.S.A and Mark Development entered into an Exclusive Negotiating Agreement; and

WHEREAS, on June 20, 2011, the Agency entered into a contract for an EIR for the purchase and sale of the property and its development as a Home Depot, which EIR was funded by Home Depot and which now has been completed; and

WHEREAS, on March 3, 2011, before the effective date of ABx1 26, the Mayor and City Council of the City of San Bernardino and the Redevelopment Agency of the City of San Bernardino entered into the Capital Projects Funding Agreement; and

WHEREAS, on March 18, 2011, as consideration for the provision of services under the Funding Agreement, the Agency transferred the ownership of the Arden – Guthrie property to the San Bernardino Economic Development Corporation, an established 501(c)(3) nonprofit public benefit corporation; and

WHEREAS, the EIR process was transferred to the SB EDC as well; and

WHEREAS, on June 29, 2011, ABx1 26 became effective, but thereafter was challenged by the CRA in *CRA v. Matosantos* and upheld by California Supreme Court on December 29, 2011; and

WHEREAS, after December 29, 2011, Home Depot again approached the City and asked that the purchase of the property go forward through the SB EDC and/or as part of the disposition of former RDA property pursuant to ABx1 26; and

WHEREAS, at present Home Depot has expended almost $1 million in land use planning and EIR costs and has a Planning Commission hearing scheduled for May 23, 2012; and

WHEREAS, the property is appraised at $4.3 million, which is the approximate purchase price which will be paid between Home Depot and Mark Development; and

WHEREAS, in order to deliver clear title to Home Depot and Mark Development, the successor agency will be required to have a portion of the HUD loan transferred or written down; and

WHEREAS, there is no immediate economic benefit to other taxing agencies from this disposition of proper, although there is future benefit from increased assessed value and sales taxes as the development of the site has an estimated value of $30,000,000; and

WHEREAS, in order to obtain title insurance for this purchase, First American Title has requested that the SBEDC confirm the transfer of this property from the City to the SBEDC in March, 2011; and

WHEREAS, the Oversight Board agrees that such purchase is in the best interests of the taxing agencies represented on the Oversight Board.

BE IT RESOLVED BY THE BOARD MEMBERS OF THE OVERSIGHT BOARD AS FOLLOWS:

SECTION 1. In order to allow this transaction to go forward to provide benefit to the community, and as part of the disposition of property of the former RDA, the Oversight Board confirms the transfer of the Arden Guthrie property from the Redevelopment Agency to the SBEDC on March 3, 2011 and March 18, 2011.

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RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF SAN BERNARDINO AS SUCCESOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

PASSED, APPROVED AND ADOPTED THIS ____ day of _____, 2012, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

By:_____
Jim Morris, Chairman
Oversight Board for the City of San Bernardino
As Successor Agency to the Redevelopment
Agency of the City of San Bernardino

By:_____
Secretary

OVERSIGHT BOARD
FOR THE CITY OF SAN BERNARDINO AS SUCCESSOR AGENCY
TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN BERNARDINO

TO: OVERSIGHT BOARD MEMBERS DATE: MAY 14, 2012

FROM: EMIL A. MARZULLO, INTERIM EXECUTIVE DIRECTOR ITEM NO: 4 b

SUBJECT: GLEN AIRE AND PACIFIC PALMS MOBILE HOME PARK

ISSUE:
The issue before the Oversight Board is to Review and make a Recommendation Regarding Subordination of Successor Agency Obligations to the Refinancing of Existing HUD Loans for Mobile Home Parks

RECOMMENDATION:
Recommend to Successor Agency Approval of the Subordination of the Redevelopment Agency of the City of San Bernardino Tax Regulatory Agreement Liens Existing on the Property Comprising the Glen Aire Mobilehome Park and Pacific Palms Mobilehome Park within the City of San Bernardino to the New Lien of the Department of Housing and Urban Development in Order to Provide for a Refinancing of the Current Lien of the Department of Housing and Urban Development Existing on the Subject Properties.

BACKGROUND:
The Pacific Palms Mobilehome Park and Glen Aire Mobilehome Park (the "Parks") are part of the original eight (8) mobile home parks acquired in the mid 1990's by the Redevelopment Agency of the City of San Bernardino (the "Agency"). The Parks were acquired by the Agency with a loan provided by the San Bernardino Joint Powers Financing Authority from the proceeds of certain lease revenue bonds.

Prior to the acquisition of the Parks, the Agency expended funds for the initial analysis of the feasibility of the park purchase project, due diligence investigation of each park and administrative and consulting fees. The Agency agreed to enter into Loan Agreements secured by Notes for each Park for the various fees and expenses incurred. The loan agreements and notes are not secured by a deed of trust on the Parks. The liens of the Agency on the Parks are solely tax regulatory agreements. There are no Agency deeds of trust recorded as liens against the Parks. The deed of trust securing the loans is recorded against other properties owned by the Corporation. This action was taken several years ago in order not to affect the lien ratio on the Parks for HUD financing purposes.

As originally contemplated, the Agency transferred operations of the parks to the Corporation in 1996. At the request of the Agency, between 2001 and 2003, the Housing Authority of the County of San Bernardino (the "County Housing Authority") refinanced the Agency's outstanding bonds with mortgage revenue bonds secured by GNMA securities backed by the Department of Housing and Urban Development ("HUD"). Red Mortgage Capital Group is the facilitator of the HUD loans for the Parks. The County Housing Authority issued series B bonds to assist in the financing, and the Agency assisted in the financings by removing its deeds of trust as liens on the Parks, and recording its tax regulatory agreements in third position.

In 2010, the Corporation changed its name to Affordable Community Living Corporation. During that year, the Corporation requested that the Agency subordinate the regulatory agreements and other liens for two other parks: the Sequoia Plaza Mobile Home Park and Rancho Meridian Mobile Home Park in order to cause the refinancing of those parks. At that time, the Agency subordinated its regulatory agreements to the new HUD financing, maintaining the same lien position that it originally had. The refinancing of the HUD loan resulted in a reduction of the interest rate on the senior loan, and thus resulted in additional funds to repay the County Housing Authority's second lien bonds.

Recently, the Corporation informed Successor Agency staff that HUD had provided a preliminary commitment to refinance the HUD loans on the Glen Aire Park and Pacific Palms Park. The Corporation requested that the Successor Agency subordinate the lien of the Agency tax regulatory agreements to the refinancing of the HUD loans. This subordination will not affect the lien position of the Agency tax regulatory agreements as the Agency tax regulatory agreements shall continue to be in third position. More important, the subordination will not affect the distribution of funds to the Successor Agency since the subordination does not involve liens for monetary security.

When the subordination of the Agency tax regulatory agreements occurred in 2010 for the Sequoia Plaza Mobile Home Park and Rancho Meridian Mobile Home Park, the Agency required the Corporation to commit to the following terms:

1. It will not take any new money out of the refinancing other than for the payment of reasonable refinancing costs.

2. The refinancing of the HUD loans will result in a lower interest rate on the HUD Loan thus providing additional funds to pay the County Housing Authority series B bonds.

3. The Corporation will pay all Successor Agency/City Attorneys' fees for the transaction, thus eliminating all costs to the Successor Agency and City.

Successor Agency staff has indicated that the same requirements will be necessary for an approval of the refinancing of the Parks at this time.

RECOMMENDED MOTION/ACTION(S):

Recommend to Successor Agency Approval of the Subordination of the Redevelopment Agency of the City of San Bernardino Tax Regulatory Agreement Liens Existing on the Property Comprising the Glen Aire Mobilehome Park and Pacific Palms Mobilehome Park within the City of San Bernardino to the New Lien of the Department of Housing and Urban Development in Order to Provide for a Refinancing of the Current Lien of the Department of Housing and Urban Development Existing on the Subject Properties