

NOTICE OF SPECIAL MEETING


City of El Cajon
Successor Agency – Oversight Board
8:00 a.m., Tuesday, October 29, 2013

**Meeting Location: El Cajon Police Station
Community Room # 161
100 Civic Center Way, El Cajon, CA 92020**

PLEASE TAKE NOTICE that the Oversight Board of the Successor Agency to the former El Cajon Redevelopment Agency will hold a Special Meeting on Tuesday, October 29, 2013, at 8:00 a.m. in the El Cajon Police Department Community Room #161, 100 Civic Center Way, El Cajon, CA, 92020, at which time the following items of business will be considered:

- I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
- II. ROLL CALL
- III. PUBLIC COMMENT (This is the opportunity for members of the public to address the Oversight Board on any item of business within the jurisdiction of the Board. Under state law no business shall be considered at a special meeting other than that specified in this Notice).
- IV. ACTION ITEMS
 1. Approval of Action Minutes – September 18, 2013 meeting
 2. Approval of Sale of Secured Property to URBN Restaurants, Inc.
- V. STAFF COMMUNICATIONS
 1. Proposed 2014 Oversight Board meetings – RLV
 2. Upcoming work program
- VI. BOARD REPORTS/COMMENTS
- VII. ADJOURNMENT

DATED: October 24, 2013


Chair

SPECIAL MEETING AGENDA

City of El Cajon

Successor Agency – Oversight Board

8:00 a.m., Tuesday, October 29, 2013

BOARD MEMBERS:

SAHAR ABUSHABAN

*Chancellor of the California
Community Colleges
Representative*

SCOTT BUXBAUM

*County Board of Education
Representative*

GLORIA CHADWICK

*Grossmont Healthcare District
Representative*

JIM GRIFFIN

*County Board of Supervisors
Representative*

MICHAEL GRIFFITHS

City of El Cajon

MANJEET RANU

*(Former RDA/MMPEG
Employee) City of El Cajon*

DEBRA TURNER-EMERSON

*County Board of Supervisors
Representative*

OB LEGAL COUNSEL:

MEYERS NAVE

SUCCESSOR AGENCY

STAFF:

DOUGLAS WILLIFORD

*Executive Director/
City Manager*

MAJED AL-GHAFRY

*OB Secretary /
Assistant City Manager*

MORGAN FOLEY

General Counsel

JENNY FICACCI

Housing Manager

HOLLY REED-FALK

Financial Operations Manager

VICTORIA DANGANAN

Senior Accountant

RON LUIS VALLES

Administrative Secretary

Meeting Location: El Cajon Police Station

Community Room #161

100 Civic Center Way, El Cajon, CA 92020

- I. CALL TO ORDER & PLEDGE OF ALLEGIANCE:
- II. ROLL CALL:
- III. AGENDA CHANGES:
- IV. PUBLIC COMMENT: (This is the opportunity for a member of the public to address the Oversight Board on any item of business within the jurisdiction of the Board that is not on the agenda. Under State law no action can be taken on items brought forward under Public Comment, except to refer the item to the staff for administrative action or to place it on a future agenda.)
- V. ACTION ITEMS:
 1. Approval of Action Minutes – September 18, 2013, meeting
 2. Approval of Sale of Secured Property to URBN Restaurants Inc.
- VI. OTHER ITEMS FOR CONSIDERATION:
- VII. STAFF COMMUNICATIONS:
 1. Proposed 2014 Oversight Board meetings - RLV
 2. Upcoming work program
- VIII. BOARD REPORTS/COMMENTS:
- IX. ADJOURNMENT:

We endeavor to be in total compliance with the Americans with Disabilities Act. If you require assistance or auxiliary aids in order to participate at Oversight Board meetings, please contact staff at (619) 441-1741 as far in advance of the meeting as possible.



DRAFT SUMMARY MINUTES

Successor Agency to the El Cajon Redevelopment Agency Oversight Board

Meeting - Wednesday, September 18, 2013
El Cajon Police Station Community Room #161
100 Civic Center Way, El Cajon, CA 92020

BOARD PRESENT: Sahar Abushaban, Scott Buxbaum, Jim Griffin, Michael Griffiths, Manjeet Ranu and Debra Turner-Emerson (Chair)

BOARD ABSENT: Gloria Chadwick

OB LEGAL COUNSEL: George Eiser III, representing law firm of Meyers Nave

STAFF PRESENT: Assistant City Manager Majed Al-Ghafry, Housing Manager Jenny Ficacci, Financial Operations Manager Holly Reed-Falk, Senior Accountant Victoria Danganan, and Administrative Secretary Ron Luis Valles

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:03 a.m. by TURNER-EMERSON.

PUBLIC COMMENT:

No public comment.

ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – August 21, 2013

GRIFFIN made a motion, seconded by GRIFFITHS, to approve the minutes. **Motion carried 4-0 (ABUSHABAN and TURNER-EMERSON, abstained due to absence at previous meeting; CHADWICK, absent).**

ACTION ITEM No. 2: APPROVAL OF AMENDED FISCAL YEAR 2013-2014 SUCCESSOR AGENCY BUDGET

FICACCI summarized the staff report.

GRIFFIN made a motion, seconded by BUXBAUM, to adopt Resolution No. OB-11-13 approving the amended Fiscal Year 2013-2014 Successor Agency Budget, including the Successor Agency Administration Budget.

Motion carried 6-0 (CHADWICK, absent).

ACTION ITEM No. 3: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS 13-14B”) FOR THE PERIOD JANUARY 1, 2014, TO JUNE 30, 2014.

FICACCI summarized the staff report and distributed a copy of “Attachment A” Obligation Types and Clarification for No. 1 through 25 to board and staff members.

RANU made a motion, seconded by GRIFFITHS, to adopt revised Resolution No. OB-12-13 that approved the Recognized Obligation Payment Schedule for the period January 1, 2014, to June 30, 2014, (“ROPS 13-14B”), changing “Project Management Costs” to “Property Maintenance” in Column C on ROPS #19.

Motion carried 6-0 (CHADWICK, absent).

STAFF COMMUNICATIONS:

REED-FALK presented an update regarding the State Controller’s Office’s (SCO) Draft Report and Successor Agency Response pertaining to Asset Transfer Review. The City’s response will be included in the final report issued by SCO.

BOARD REPORTS/COMMENTS:

GRIFFIN asked about status of Long Range Property Management Plan and staff replied that the Plan requires four levels of review at DOF. The first level review is completed and the Plan has been forwarded to the second level review. GRIFFIN also asked if there is any pending state legislation pertaining to redevelopment. RANU informed of Senate Bill 1 – (Steinberg) Sustainable Communities Investment Authority which would be targeted in Smart Growth areas to further implementation of SB 375, which links land use, transportation and housing to reductions in greenhouse gas emissions. No current status information on the bill was known.

ADJOURNMENT:

RANU made a motion, seconded by GRIFFIN, to adjourn the meeting of the El Cajon Successor Agency Oversight Board at 8:40 a.m. this 18th day of September 2013, to 8:00 a.m., October 16, 2013, in the Police Station’s Community Room, 100 Civic Center Way, El Cajon, California.

Motion carried 6-0 (CHADWICK, absent).

APPROVED:

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

SPECIAL MEETING AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
October 29, 2013, Meeting

SUBJECT: APPROVAL OF SALE OF SECURED PROPERTY TO URBN RESTAURANTS INC.

RECOMMENDED ACTION: That the Oversight Board adopt the proposed Resolution to:

1. Approve the sale of fixtures, equipment and inventory to URBN Restaurants Inc., or such other business entity formed, controlled by or controlling URBN Restaurants Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN") and the City of El Cajon, in its capacity as successor agency to the El Cajon Redevelopment Agency, in the amount of \$200,000 for the Secured Property identified in the Settlement Agreement between Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB") approved by the Oversight Board on April 18, 2013, as Resolution No. OB-06-13; and
2. Approve execution of all reasonable and required documentation by the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of the chief executive officer for the Successor Agency, necessary to formalize and complete the sale and transfer of Secured Property to URBN as outlined in this report.

BACKGROUND: The Successor Agency is the owner of all furnishings, fixtures and equipment, and all supplies, utensils, glassware, window coverings, wall art, signs and other property related to the operation of the business ("Secured Property") currently located at 110 N. Magnolia Avenue under a Settlement Agreement with Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB"). The Settlement Agreement was approved by the Oversight Board on April 18, 2013, as Resolution No. OB-06-13.

On August 21, 2013, staff requested Oversight Board approval to enter into a Participation Agreement (the "Agreement") with URBN Restaurants Inc. or such other business entity formed, controlled by or controlling URBN Restaurants Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN"), to purchase the Secured Property in an amount of approximately \$300,000, with financing terms over a 10-year period. The Agreement was approved by the Oversight Board as Resolution No. OB-09-13.

On October 10, 2013, staff received a determination letter from the California Department of Finance ("DOF") rejecting the Participation Agreement, but approving disposal of the assets.

Based on the DOF determination letter and comments, the Executive Director has received a revised offer to purchase the Secured Property from URBN, absent financing and with pending claims, in the amount of \$200,000, and is prepared to complete the transaction in an expedient fashion.

Staff clarified with DOF analysts on October 22, 2013, that a cash offer of less than the amount proposed in the Participation Agreement would be acceptable to DOF and that they would not "initiate a review" of a new resolution for the sale, should subsequent Oversight Board approval be requested.

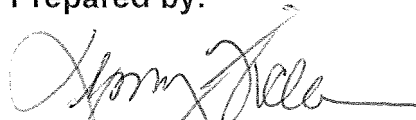
Because the URBN offer of \$200,000 will result in a return of approximately 78% of the appraised value of the Secured Property, staff believes that the revised offer from URBN is in the best interests of the affected taxing entities and the public.

FISCAL IMPACT: The requested action will approve execution of various documents outlined in the Recommended Action and result in a return of \$200,000 to the affected taxing entities. Completion of the transaction will also result in elimination of monthly utility, security and fire alarm payments of approximately \$1,500 per month for storage and protection of the Secured Property.

ATTACHMENTS:

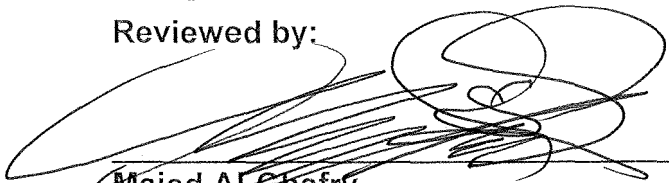
1. Proposed Resolution
2. URBN Restaurants Inc. – Letter of Intent
3. Department of Finance – Oversight Board Action Determination, October 10, 2013

Prepared by:



Jenny Ficacci
Housing Manager

Reviewed by:



Majed Al-Ghafry
Secretary / Assistant City Manager

Approved by:



Douglas Williford
Executive Director/City Manager

RESOLUTION NO. OB-13-13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE SALE OF FIXTURES, EQUIPMENT AND INVENTORY TO URBN RESTAURANTS INC. OR SUCH OTHER BUSINESS ENTITY FORMED AND CONTROLLED BY OR CONTROLLING URBN RESTAURANTS INC., OR THE SHAREHOLDERS THEREOF, INCLUDING BUT NOT LIMITED TO URBN COAL FIRED, LLC ("URBN") AND THE CITY OF EL CAJON, IN ITS CAPACITY AS SUCCESSOR AGENCY, IN THE AMOUNT OF \$200,000 FOR THE SECURED PROPERTY IDENTIFIED IN THE SETTLEMENT AGREEMENT BETWEEN STEPHAN MEADOWS, MANDY MEADOWS AND DOWNTOWN EL CAJON BREWING CO. ("DECB") APPROVED BY THE OVERSIGHT BOARD ON APRIL 18, 2013, AS RESOLUTION NO. 0B-06-13.

WHEREAS, beginning on November 17, 2009, the former El Cajon Redevelopment Agency ("Agency") board approved three loans to the Downtown El Cajon Brewing Co., Inc., with original principal balances totaling \$645,000, for tenant improvements, fixtures, furnishings and equipment, for the first brewing company and restaurant in El Cajon at 110 N. Magnolia Avenue ("Site"); and

WHEREAS, all three loans are memorialized and secured by, among other enforceable obligations, a Participation Agreement, Leasehold Deed of Trust, and Promissory Notes ("Loan Documents"); and

WHEREAS, on October 1, 2012, the Downtown El Cajon Brewing Co., Inc., filed for reorganization under Chapter 11 of the Bankruptcy Code; and

WHEREAS, in order to protect the security interest in the Furniture, Fixtures and Equipment under the Loan Documents with current outstanding balances of \$601,086.65, the Successor Agency immediately hired outside counsel to assist during the bankruptcy process; to obtain relief from the automatic stay in bankruptcy court; to perfect its security interest; and to foreclose on the secured property; and

WHEREAS, on April 1, 2013, the City of El Cajon, acting in its capacity as Successor Agency under the Loan Documents, executed a Settlement Agreement with the Downtown El Cajon Brewing Co., Inc. to surrender possession and all furnishings, fixtures and equipment, and all supplies, utensils, glassware, window coverings, wall art, signs and other property related to the operation of the business currently located at 110 N. Magnolia Avenue ("Secured Property") to the City of El Cajon, acting solely in its capacity as Successor Agency, who has a perfected security interest in the Secured Property; and

WHEREAS, a License Agreement between the property owner, Howard Fisher, and the Successor Agency dated April 1, 2013, was also executed to use the Site for

the purpose of storing, maintaining, and keeping all of the Successor Agency's Secured Property on Site, and for the purpose of performing any utility and maintenance obligations; and

WHEREAS, both the Settlement Agreement and License Agreement were approved by the Oversight Board at its April 18, 2013, meeting under Resolution No. OB-06-13; and

WHEREAS, the Successor Agency and Site Owner have been working cooperatively to find another operator to take over the Site and to acquire the Secured Property, including fielding of inquiries and preliminary offers; and

WHEREAS, the Successor Agency presented a Letter of Intent ("Offer") from URBN Restaurants, Inc., or such other business entity formed, controlled by, or controlling URBN Restaurants, Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN") to the Oversight Board on August 21, 2013, in an amount of approximately \$300,000, with financing terms over a 10-year period, that was approved as Resolution No. OB-09-13; and

WHEREAS, on October 10, 2013, the Successor Agency received a determination letter from the California Department of Finance ("DOF") rejecting the Participation Agreement, but approving disposal of the assets; and

WHEREAS, the Executive Director of the Agency received a revised offer to purchase the Secured Property from URBN, absent financing and with pending claims, in the amount of \$200,000 and is prepared to complete the transaction in an expedient fashion; and

WHEREAS, staff is also seeking approval for the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of the chief executive officer for the Successor Agency, to execute all reasonable and required documentation necessary to formalize and complete the sale and transfer of the Secured Property to URBN.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

A. The Oversight Board finds that:

1. The recitals above are true and correct and have been incorporated herein by reference.
2. Approval of sale of the Secured Property and preparation of related documents is exempt from the California Environmental Quality Act (CEQA) under Section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed agreements will not cause a significant

adverse physical change to the environment either directly or indirectly.

3. The proposed terms would be in the best interests of the affected taxing entities and the public because it will yield \$200,000 to the taxing entities and the public.
- B. The Oversight Board hereby approves the sale of fixtures, equipment and inventory to URBN Restaurants Inc., or such other business entity formed, controlled by or controlling URBN Restaurants Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN") and the City of El Cajon, in its capacity as successor agency to the El Cajon Redevelopment Agency, in the amount of \$200,000 for the Secured Property identified in the Settlement Agreement between Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB") approved by the Oversight Board on April 18, 2013, as Resolution No. OB-06-13.
 - C. The Oversight Board hereby approves execution of all reasonable and required documentation by the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of the chief executive officer for the Successor Agency, necessary to formalize and complete the sale and transfer of Secured Property to URBN as outlined in this report.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a special meeting held this 29th day of October 2013, by the following vote to wit:

AYES :
NOES :
ABSENT :

Debra Turner-Emerson, Chairperson

ATTEST:

Majed Al-Ghafry, Oversight Board Secretary

10/23/2013

City of El Cajon
Attn: Morgan Foley, City Attorney
200 Civic Center Way
El Cajon, CA 92020

via: electronic mail

RE: **Downtown El Cajon Brewing Co. ASSETS**

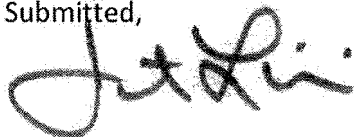
Dear Mr. Foley:

This letter is to represent and confirm the submission to the following, by URBN Coal Fired, LLC:

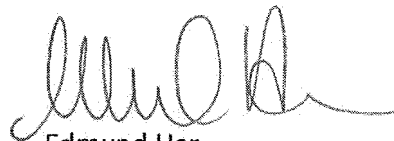
\$200,000 for the purchase of any and all (Successor's assets), as related to what is referred to, "Downtown El Cajon Brewing Co."

This transaction is to include, although not limited to, all lien release and full title to the equipment, as listed in its inventory list, dated 06/07/2013, **EXCEPT FOR**, the items that have legal claimant and proper procedure for those claimant items.

Respectfully Submitted,



Jon Mangini



Edmund Har

/enclosure

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REVISED

October 10, 2013

Ms. Victoria Danganan, Senior Accountant
City of El Cajon
200 Civic Center Way
El Cajon, CA 92020

Dear Ms. Danganan:

Subject: Oversight Board Action Determination

This letter supersedes Finance's October 7, 2013 OB Resolution OB-09-13 determination letter. The revised letter is necessary to add clarification to the proposed selling price for the contemplated equipment. The City of El Cajon Successor Agency (Agency) notified the California Department of Finance (Finance) of its August 21, 2013 Oversight Board (OB) Resolution on August 21, 2013. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

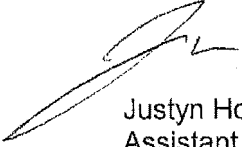
Based on our review and application of the law, OB Resolution OB-09-13 approving a Participation Agreement between the Agency and URBN Restaurants, Inc. is denied. HSC section 34163 (b) prohibits a redevelopment agency from entering into a new agreement with any entity after June 27, 2011. The Participation Agreement is considered a new agreement as it is a loan from the Agency. In addition, HSC section 34177 (e) requires the Agency to dispose of assets expeditiously. The Participation Agreement would allow URBN Restaurants, Inc. to pay for Agency assets over a ten year period which is not considered expeditious. Therefore, Finance objects to the Participation Agreement.

The OB Resolution also proposed to sell secured property for approximately \$300,000. The Agency received a Finding of Completion on April 11, 2013. In addition, the Agency demonstrated the proposed sales price maximizes value, as required by HSC section 34177 (e). Therefore, Finance does not object to the Agency disposing of these assets. HSC section 34177 (e) requires the proceeds from the sale of the property to be remitted to the County Auditor-Controller for distribution to the taxing entities if they are not needed for approved development projects or to otherwise wind down the affairs of the Agency.

The portion of the resolution not approved by Finance is being returned to the board for reconsideration. However, the Agency can move forward with the portion of the resolution approved by Finance.

Please direct inquiries to Wendy Griffe, Supervisor, or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



Justyn Howard
Assistant Program Budget Manager

cc: Ms. Holly Reed-Falk, Financial Operations Manager, City of El Cajon
Ms. Tracy Sandoval, Assistant Chief Financial Officer, San Diego County
California State Controller's Office



City Council, Planning Commission and Oversight Board Meetings January 2014 - December 2014

January 2014 1

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City Council
619-441-1763

City Hall Closed

Holidays

Annual L.C.C. Conference
Los Angeles, Sept. 3 - 5

Planning Commission
619-441-1742

Oversight Board
619-441-1741