



CITY OF POMONA SUCCESSOR AGENCY STAFF REPORT

April 2, 2018

To: Honorable Mayor and Members of the City Council, Sitting as the Successor Agency

From: Linda Lowry, City Manager

Submitted By: Kirk Pelser, Deputy City Manager

Subject: **Adoption of a Resolution Approving a Purchase and Sale Agreement with John Pena Irrevocable Family Trust 82-6632724 for the sale of Successor Agency Property known as Mission Promenade - 101 West Mission Boulevard in Pomona, California (APN's 8341-008-912, 913, 914, 915, 916 & 917) for the Purchase Price of \$5,750,000 - Council District 2**

OVERVIEW

Recommendation – That the City Council, sitting as the Successor Agency to the former Redevelopment Agency, adopt the attached Resolution:

- 1) Approving a Purchase and Sale Agreement with John Pena Irrevocable Family Trust 82-6632724 (the “Buyer”) for the sale of Successor Agency Property known as Mission Promenade - 101 West Mission Boulevard in Pomona, California (APN's 8341-008-912, 913, 914, 915, 916 & 917) (the “Property”) for the price of \$5,750,000.
- 2) Contingent upon the Pomona Oversight Board (the “Oversight Board”) approving disposition of the site and review of the City Attorney, authorize the City Manager to execute the Purchase & Sale Agreement, in substantially the form submitted, and all related documents to complete the sale transaction.

Fiscal Impact – The Successor Agency will receive sale proceeds of \$5,750,000 less customary closing costs. This Property was acquired with bond proceeds of the former Redevelopment Agency, at a future date; staff will request that the Successor Agency approve transfer of the sale proceeds to the City as “excess bond proceeds”. According to guidance published by the Internal Revenue Service (“IRS”), revenues realized from a government bond-financed asset – such as the property – are treated identically to the original bond proceeds.

Previous Action – During a February, 2018, Closed Session, Council directed the City Attorney to provide a counter offer to the Buyer. The Buyer has accepted that counter offer and now wishes to proceed with the transaction for the price of \$5,750,000.

On July 10, 2017, the Successor Agency approved a sale to another buyer. That sale was also approved by the Oversight Board. However, that approved buyer reneged on the purchase and never signed the purchase agreement. They subsequently made a new offer of \$3,900,000 that was rejected by Council.

Environmental Review – Pursuant to section 15061(b)(3) of the CEQA Guidelines, it can be seen with certainty that there is no possibility that the sale of the subject Site will have a significant effect on the environment and, therefore, approval of the Purchase and Sale Agreement is not subject to CEQA.

EXECUTIVE SUMMARY

The Successor Agency will consider a resolution approving the Purchase & Sale Agreement (Agreement) with John Pena Irrevocable Family Trust 82-6632724 for the sale of Successor Agency Property known as Mission Promenade - 101 West Mission Boulevard in Pomona, California (APN's 8341-008-912, 913, 914, 915, 916 & 917) for the price of \$5,750,000. The proposed Agreement is consistent with the Successor Agency's approved Long Range Property Management Plan (LRPMP), and applicable State Law, which requires the Successor Agency to sell the property at not less than fair market value, and as expeditiously as practical.

Because the Property was acquired with bond proceeds of the former Redevelopment Agency, at a future date staff; will request that the Successor Agency approve transfer of the sale proceeds to the City as "excess bond proceeds."

BACKGROUND & DISCUSSION

The dissolution law that eliminated all redevelopment agencies in the State requires the sale of all assets of the former Redevelopment Agency, following the California Department of Finance's (DOF) approval of the LRPMP. The DOF approved Pomona's LRPMP on October 7, 2014 and the property is listed as Sites No. 7, 8 & 9 on the approved LRPMP.

The sale of the Property has been discussed many times in closed session beginning in late 2015, throughout 2016 and 2017, and most recently on January 22, 2018. A number of offers for the property were made and evaluated during this time. Ultimately, Council directed staff to prepare a sale agreement with the selected Buyer for the price of \$5,750,000.

Sale of Mission Promenade - 101 West Mission Blvd.

April 2, 2018

Page 3 of 3

The sale is subject to approval by the Oversight Board. The Property was originally acquired with bond proceeds of the former Redevelopment Agency, in the future staff intends to request the Successor Agency to approve transfer of the sale proceeds to the City as “excess bond proceeds.” According to guidance published by the Internal Revenue Service (“IRS”), revenues realized from a government bond-financed asset, such as the Property, are treated identically to the original bond proceeds. The Successor Agency has previously approved two (2) such transactions relating to remaining bond proceeds of the former Redevelopment Agency.

CONCLUSION

The Subject Property needs to be sold pursuant State RDA Dissolution Law and is listed as Sites No. 7, 8 & 9 on the approved LRPMP. Staff is recommending the City Council, sitting as the Successor Agency to the former Redevelopment Agency, approve the sale to John Pena Irrevocable Family Trust 82-6632724 for the price of \$5,750,000.

Attachment No. 1. Resolution with Exhibit A – Purchase & Sale Agreement