



CITY OF POMONA SUCCESSOR AGENCY OVERSIGHT BOARD STAFF REPORT

April 26, 2018

To: Honorable Chair and Members of the Successor Agency Oversight Board

From: Linda Lowry, Executive Director

Submitted By: Kirk Pelser, Deputy Executive Director

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)**

OVERVIEW

Recommendation – That the Pomona Successor Agency Oversight Board consider the attached resolution 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.

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 the Successor Agency Oversight Board approve transferring the sale proceeds of the Property 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(s) –

- On April 2, 2018, the Successor Agency adopted a resolution approving the sale of the Property to Buyer for the purchase price of \$5,750,000.

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 Oversight Board will consider a resolution (Attachment No. 1) approving an Agreement of Purchase & Sale and Joint Escrow Instructions (the “PSA”) with John Pena Irrevocable Family Trust 82-6632724 for the sale of Successor Agency property located at 101 West Mission Blvd. in Pomona, California (APN’s 8341-008-912, 913, 914, 915, 916 & 917) (the “Property”) for the price of \$5,750,000. The proposed sale 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 properties at not less than fair market value, and as expeditiously as practical. The subject properties’ fair market value was determined to be \$4,500,000 by a January 2015 appraisal report prepared by the firm of CBRE.

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 among the assets that must be sold. The relevant statute found in Health & Safety Code Section 34181 (a)(1) states that these assets are to be sold “expeditiously...and in a manner aimed at maximizing value.”

The sale of the Property has been discussed many times by the Successor Agency beginning in late 2015, throughout 2016 and 2017, and into early 2018. A number of offers made for the property were evaluated during this time. One of these was approved by the SA and OB in 2017 for a sale price of \$6,000,000. However, that sale did not consummate, forcing the Successor Agency to consider new offers in late 2017.

During the last offer/counteroffer process, the proposed Buyer agreed to a price of \$5,750,000. One other prospective buyer has remained interested in the purchase and they submitted the currently highest offer of \$6,000,000 on March 28, 2018. Ultimately, the Successor Agency directed staff to prepare a sale agreement with the selected Buyer for the price of \$5,750,000.

Because the Property was originally acquired with bond proceeds of the former Redevelopment Agency, in the future staff intends to request 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. The Successor Agency has

previously approved two (2) such transactions relating to remaining bond proceeds of the former Redevelopment Agency.

CONCLUSION

These Property needs to be sold pursuant the State Dissolution Law, and the Property is listed as Sites No.'s 7, 8 & 9 on the approved LRPMP. If approved by the Oversight Board, the Agreement will be executed and escrow will be opened in approximately one week. The parties will endeavor to close escrow by June 31, 2018.

Attachment	No. 1 Resolution Approving the Sale with Exhibit A – Agreement of Purchase & Sale and Joint Escrow Instructions
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