

**Meeting of the
Oversight Board for the Successor Agency
to the Redevelopment Agency of the
City of Fresno**

**Meeting Minutes
September 21, 2016**

The Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Fresno met at 1:30 p.m. in Meeting Room 2165 (Meeting Room A), City Hall on September 21, 2016.

Present were:

Jeff Becker, appointed by Fresno County Superintendent of Schools
Larry Hodges, appointed by State Center Community College District
Rene Watahira, appointed by the Mayor of Fresno
Doug Vagim, appointed by Fresno County Board of Supervisors
Alan Hofmann, appointed by the Metropolitan Flood Control District (Special District)
Larry Westerlund, appointed by Mayor of Fresno
Debbie Poochigian, appointed by Fresno County Board of Supervisors
Alan Hofmann, appointed by the Metropolitan Flood Control District (Special District)

- I. Call to Order**
 - 1. Roll Call**
 - 2. Pledge of Allegiance**
 - 3. Member Comments**

Roll Call/Pledge of Allegiance

The meeting was called to order by Chair Hofmann at 1:30 p.m. and the roll call was taken. Vice Chair Vagim was absent when the roll was called, but arrived at 1:33 p.m. The pledge of allegiance was recited.

Member Comments

Chair Hofmann apologized to the board for missing the August 24, 2016 meeting.

- II. Approval of Agenda**

The following changes were made during the approval of the agenda: 1) Board Member Westerlund requested to switch the order of items V3 and V4 under Disposition of Agency Property; 2) Board Member Poochigian asked if the two discussion items could be taken after item V.; 3) Executive Director's Report to be heard after the approval of the minutes. Board Member Westerlund made the motion to accept all of the changes; Board Member Poochigian seconded the motion. On a roll call vote, the motion passed 7-0 to approve the changes to the agenda.

- III. Approval of Minutes of August 24, 2016.**

Chair Hofmann suggested that his name be removed from under the title “Present were:” since he was absent from the whole meeting. Board Member Hodges made a correction on page 4 of the minutes that the (LRPMP #116) should read (LRPMP #16). With the two changes above a motion was made by Board Member Westerlund and seconded by Board Member Poochigian. The roll call motion passed on a vote of 6-0 with Chair Hofmann abstaining.

VI. Executive Director Report

Executive Director Murphey discussed the Property Disposition Guidelines (PDG) that were revised based on the motion at the last meeting and contained in the agenda packet. The changes are now in effect.

Executive Director Murphey also discussed Parking Lot #2 noting the City has first right of refusal. She read a section of a resolution passed by the City Council; “NOW THEREFORE BE IT RESOLVED, the City of Fresno has determined it does not wish to purchase nor exercise its right of first refusal for Parking Lot 2; NOW THEREFORE BE IT FURTHER RESOLVED, the City of Fresno recommends that the Oversight Board pursuant to its Property Disposition Guidelines consider sale of the property to Tutilian and Company. She noted that the agenda packet also contained correspondence sent to the Board from Mr. Khairalla who is also interested in lot #2.

Executive Director Murphey reported on City Manager Rudd’s letter, contained in the agenda packet which states that the conditions for sale of Hotel Fresno have been met and the clawback provision is neither necessary nor desired. Executive Director Murphey noted that the escrow to close will proceed.

Vice Chair Vagim brought up concerns about changing the PDG and deciding that an “auction” would be the method used for disposing of the property and Mr. Behrens responded that was direction to staff. Vice Chair Vagim asked if that decision could be reversed. Mr. Behrens stated it could be reversed if it were agendized. Vice Chair Vagim stated for the record that the item wasn’t agendized when the decision was made.

Board Member Westerlund talked about extending the timeframe for a buyer to finalize their deal and asked that the timeline to submit the balance of purchase price be extended from 15 days to 30 days for properties over \$300,000 and gave direction to agendize the PDG with this language for the next meeting.

Public Comment:

Cliff Tutelian spoke regarding the Property Disposition Guidelines and the discussion held by the Oversight Board and the various disposition methods. He urged the board to consider using all the different methods to sell the property and keep the community in mind.

Terrence Frazier spoke of his property investment south of the Stadium behind 721 Broadway Street. He asked the Board to talk to the developers who already have property adjacent to them to see the impacts, otherwise property is just sitting there next to these big developments. He asked to table the auction of 721 Broadway.

Ted Price asked for clarification on the sales procedure. Laurie Avedisian-Favni responded that the Disposition Guidelines requires the balance of the purchase price must be paid into escrow within 15 calendar days and the 180 day requirement is the time needed to close escrow.

Brad Coach JB Development noted that he is the holder of 3 parcels that are adjacent to one that is going up on auction today. He opined that there is no need to take the properties out of order because we should have priority as adjacent parcel owners to be able to make our existing parcels more developable and therefore better for the City of Fresno for funding as we could develop it in an easier fashion by expanding the lot line adjustment. Mr. Coach responded to questions and stated he's been there a long time and wanted to round out the parcels that he already owns.

Riadh Khairalla stated he wanted to clarify why the decision to go into an open market auction is the right approach to maximize value and to have a level playing field. He stated that is how we work in this country and how the economy works. It is not to put our thumb on the scale in favor of an adjacent property owner. As you know last month at the auction, there was another property, the parking lot on F Street, adjacent to an existing owner and they bid more because the property was worth more to them than it was to me. We should be able to trust the investor community and the property should go to the highest bidder.

V. Disposition of Agency Property

1. Action pertaining to sale of 1.01 acres of property at 4648 E. King Canyons Rd. (APNs 470-081-03T, -04T, -05T, & -06T) (LRPMP #19), Reserve (Minimum Bid) Price - \$240,000.
 - a. Auction
 - b. Adopt a resolution approving the sale of the property

No written bids were received. Fred Yuyama submitted a deposit for an oral bid, but did not want to place a bid at the minimum amount. This is considered a no bid and the bid is closed. Staff was directed to bid this property again at the same minimum bid, and after that the property will be bid at a price reduced by 25% of the minimum bid.

2. Action pertaining to sale of 0.26 acres of property at 721 Broadway (APN 468-286-05T) (LRPMP #21), Reserve (Minimum Bid) Price - \$240,000
 - a. Auction
 - b. Adopt a resolution approving the sale of the property

There were no written bids for this property. TFS Investments, LLC made an oral bid for the property at 721 Broadway in the amount of \$240,000. There were no other bids. Board Member Poochigian made a motion to sell the 0.26 acres of property at 721 Broadway to TFS Investments, LLC in the amount of \$240,000 and approve the resolution. Board Member Watahira seconded the motion. The motion passed on a vote of 7-0. Resolution OB-46 was approved.

4. Action pertaining to sale of 32.51 acres of property at 5005 E. Dakota Avenue (APN 493-020-37T) (LRPMP #26), Reserve (Minimum Bid) Price - \$813,000.

- a. Auction
- b. Adopt a resolution approving the sale of the property

There was one written bid for this property. The bidder is Juan Rulas, of Ruelas Enterprises Inc. He put down a deposit in the amount of \$45,000. A call for oral bids was made and Ted Price submitted a deposit in the amount of \$40,650 which is the minimum amount for a deposit. The bidding began at \$813,000 and the final bid was made in the amount of \$887,000, by Juan Ruelas.

Board Member Poochigian made a motion to approve the sale of 32.51 acres of property located at 5005 E. Dakota Avenue in the amount of \$887,000 to Juan Ruelas, and approve the resolution. Board Member Hodges seconded the motion. The motion passed on a vote of 7-0. Resolution OB-47 was approved.

3. Action pertaining to sale of 5.9 acres of property at APN 493-020-28ST (No Address Assigned) (LRPMP #25), Reserve (Minimum Bid) Price - \$59,000.
 - a. Auction
 - b. Adopt a resolution approving the sale of property

There was one written bid from Roger Harrell in the amount of \$60,000, the remainder of the bids were from G&H Granit and Marble, Jeff Gennusus, Ted Price, and Brad Coach. The beginning bid is \$63,000. The winning bid was \$80,500 from Ted Price.

Prior to the beginning of the bidding process, a citizen asked the status of adjacent property owners and their priority in relation to the auction? Chair Hofmann responded that today's property is being auctioned off. There will be discussion of changes on the next meeting agenda. Today's properties were noticed to be auction.

Board Member Westerlund made a motion to approve the sale of 5.9 acres of property at APN 493-020-28ST (No Address Assigned) in the amount of \$80,500 to Ted Price, and approve the resolution. Board Member Watahira seconded the motion. The motion passed on a vote of 7-0. Resolution OB-48 was approved.

IV. Discussion

1. City of Fresno Right of First Refusal and Health & Safety Code section 34180 Legal Analysis.

Mr. Behrens discussed his memo that was distributed to the board Members and available to the public regarding the above topic. A question has arisen regarding the City of Fresno's right of first refusal and Health & Safety section 34180. Although the City originally identified six properties in its letter of February 25, 2016 to Executive Director Murphey, there are only two properties that the City currently desires to exercise a right of first refusal, both of which are parking lots (APN 466-215-20T and APN 266-206-54T).

The City's right of first refusal in relation to the auction process is not inconsistent or incompatible with section 34180(f). The Oversight Board's primary purpose and fiduciary responsibility to the taxing entities is to maximize value in the disposition of assets. There was additional discussion on the item by Vice Chair Vagim and Jerry Behrens.

Chair Hofmann took this item out to the public for comment. There were no comments from the public.

2. Legal Analysis regarding Surplus Land Act 54220 et seq.

Mr. Behrens addressed the legal analysis regarding surplus Land Act 54220 et seq. At the August 24, 2016 Board meeting during public comment, Mr. Prince of the Fresno Housing Authority raised the issue of whether the surplus land provisions of Government Code 54220 et seq. (“Surplus Land Act” or “Act”) applied. Mr. Behrens response, as counsel to the Oversight Board, was that it did not apply. Counsel for the Successor Agency, Ms. Avendisian-Favni, concurred.

Subsequently, Mr. Ken Price of the law firm of Baker, Manock & Jensen, representing the Housing Authority, address correspondence dated August 30 to the Chair Alan Hoffman, requesting the “legal basis” for my opinion. Mr. Jeff Reid addressed a letter dated September 20, 2016 to the Executive Director Marlene Murphey giving his own analysis citing authorities that the Surplus Land Act did not apply.

Mr. Behrens opinion remains the same. There is nothing in the Community Redevelopment Law (“CRL”) which requires the application of this Act. ABx1 26, and its subsequent amendments (the “Dissolution Act”), dissolved all redevelopment agencies effective February 1, 2012 and is comprehensive in scope for winding down the affairs of the dissolved redevelopment agencies statewide.

There was more discussion.

Public Comment:

Preston Prince stated that they received the response at 8:15 a.m. so they are still reviewing it. He thanked the Board. He further stated that, “As the Housing Authority Director for this community, I just want to point out to this board that we have more than 36,000 families that need affordable housing in this community, that we have 80% of extremely low income families that pay more than 50% of their income towards rent, we have more than 60% of families who are very low income who pay 50% income towards the rent.”

VII. Public Comment

Chair Hofmann called for Public Comment.

Mr. Tutilian spoke to the board regarding Mr. Reid writing a letter addressing the issue of surplus land sales and our attorneys concur that the language in the statute is not applicable to disposal of surplus properties under the ownership of the RDA. He added that as a private sector citizen in downtown Fresno his family has developed and currently operates approximately a half of million square feet and for the last 40 years has been very engaged in downtown development. He further stated, we have watched downtown go through many different cycles, going through many different factors. One of the things in your decision besides the legal issues is the private sector is what

develops property. I urge your consensus and support for the findings of legal counsel
. Thank you.

VIII. Adjournment

Board Member Westerlund made a motion to adjourn at 3:15 p.m. Board Member
Hodges seconded the motion. The motion passed on a vote of 7-0

The minutes of September 21, 2016 were approved at the October 19, 2016 meeting on a motion by Vice Chair Vagim and a second by Board Member Poochigian. The motion passed on a vote of 6-0, with Board Member Becker absent.