

AGENDA

City of El Cajon

Successor Agency – Oversight Board

8:00 a.m., Thursday, April 18, 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*

MORGAN FOLEY

General Counsel

JENNY FICACCI

*OB Acting Secretary /
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 – February 20, 2013, meeting
2. Approval of Settlement Agreement and General Release; Approval of License Agreement between the Successor Agency and Howard Fisher for the storage and maintenance of Secured Property; Approval of amendment to the Successor Agency Fiscal Year 2012-2013 Budget; Approval of Promissory Note to obligate the Successor Agency to repay a loan from the City of El Cajon to fund project management and administrative costs of the Successor Agency.

VI. OTHER ITEMS FOR CONSIDERATION:

VII. STAFF COMMUNICATIONS:

1. Due Diligence Review – All Other Funds & Accounts
2. Finding of Completion
3. Status updates:
 - a. ROPS 13-14A – DOF Determination
 - b. Long Range Property Management Plan
4. 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, February 20, 2013
El Cajon Police Station Community Room #161
100 Civic Center Way, El Cajon, CA 92020

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

BOARD ABSENT: None

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

STAFF PRESENT: Jenny Ficacci, Holly Reed-Falk, Victoria Danganan and Ron Luis Valles

CALL TO ORDER AND PLEDGE OF ALLEGIANCE:

The meeting was called to order at 8:04 a.m. by TURNER-EMERSON. Staff corrected a typographical error in agenda for Item No. 3, changing December 13 to December 31.

PUBLIC COMMENT:

No public comment. No member of the public was present.

ACTION ITEM NO. 1: APPROVAL OF SUMMARY MINUTES – January 16, 2013

CHADWICK made a motion, seconded by GRIFFIN, to approve the minutes. **Motion carried 6-0 (BUXBAUM, abstained due to absence at meeting).**

ACTION ITEM No. 2: APPROVAL OF SUCCESSOR AGENCY FISCAL YEAR 2013-2014 BUDGET, INCLUDING THE SUCCESSOR AGENCY ADMINISTRATION BUDGET

FICACCI summarized the staff report.

TURNER made a motion, seconded by BUXBAUM, to adopt Resolution No. OB-02-13 approving the Successor Agency Fiscal Year 2013-2014 Budget in the amount of \$11,022,053; approving the Successor Agency Administration Budget-Fiscal Year 2013-2014 in the amount of \$250,000; authorizing the Chair to submit the approved Budgets to the County Auditor Controller (CAC), the State Department of Finance (DOF), the

County Administrative Officer (CA), the State Controller's Office (SCO), and to post on the Successor Agency website upon approval by the Oversight Board; and authorizing the Successor Agency staff to carry out activities outlined in the Cooperation Agreement approved by the Oversight Board on April 26, 2012; which are necessary to meet approved obligations outlined in the Budgets, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place; **and adding a new condition to the resolution, stating, "The Oversight Board directs staff to communicate to the Department of Finance the condition of the former Police Station and Civic Center properties, that there are hazardous materials in them that need abatement, and that the properties present a blight to the community in their current condition."**

Motion carried 7-0.

ACTION ITEM No. 3: APPROVAL OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2013, TO DECEMBER 13, 2013 (ROPS 13-14A)

FICACCI summarized the staff report.

GRIFFITHS made a motion, seconded by GRIFFIN, to adopt Resolution No. OB-03-13 approving the Recognized Obligation Payment Schedule for the period July 1, 2013, to December 31, 2013 ("ROPS 13-14A"); authorizing the Chair to execute the approved ROPS 13-14A for submission to the County Auditor Controller (CAC), the State Department of Finance (DOF), the County Administrative Officer (CAO), the State Controller's Office (SCO), and to post on the Successor Agency website upon approval by the Oversight Board; and, authorizing the Successor Agency staff to carry out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Loan (Cooperation Agreement) approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the ROPS 13-14A, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices in place.

Motion carried 7-0.

ACTION ITEM No. 4: FIRST AMENDMENT TO AFFORDABLE HOUSING AGREEMENT – JAMES C. MILLER AND MARCIA M. MILLER, DBA BAY KITCHEN AND BATH REMODELERS

FICACCI summarized the staff report.

GRIFFIN made a motion, seconded by GRIFFITHS, to adopt Resolution No. OB-04-13 approving the First Amendment to the Affordable Housing Agreement (AHA), between James C. Miller and Marcia M. Miller, dba Bay Kitchen and Bath Remodelers with terms and conditions as set forth in this report.

Motion carried 7-0.

ACTION ITEM No. 5: SECOND AMEMENDMENT TO GROUND LEASE – DOMENICO DONATO

FICACCI summarized the staff report.

GRIFFITHS made a motion, seconded by CHADWICK, to adopt Resolution No. OB-05-13 approving a Second Amendment to Ground Lease between Domenico Donato for an assignment to a new Tenant, eliminating reference to use of 450 square feet of outdoor dining in the public right-of-way, and amending the “Restricted Premises” area to approximately 510 square feet.

Motion carried 7-0.

STAFF COMMUNICATIONS:

FICACCI noted that the Oversight Board meeting scheduled for 8 a.m., Thursday, March 21, 2013, might be cancelled, depending on when Department of Finance responses are received. Board and staff will be notified.

EISER, in response to the Board’s query at a previous meeting, noted that an Oversight Board member and actions thereof, will be covered by the City’s self-insurance. He provided additional details and scenarios.

[RANU left the meeting at 8:57 a.m.]

BOARD REPORTS/COMMENTS:

There were none.

ADJOURNMENT:

GRIFFIN made a motion, seconded by CHADWICK, to adjourn the meeting of the El Cajon Successor Agency Oversight Board at 9:03 a.m. this 20th day of February, 2013, to 8:00 a.m., March 20, 2013, in the Police Station’s Community Room, 100 Civic Center Way, El Cajon, California.

Motion carried 6-0 (RANU, absent).

APPROVED:

Debra Turner-Emerson, Chairperson

ATTEST:

Jennifer Ficacci, Oversight Board Acting Secretary

AGENDA REPORT
CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD
April 18, 2013, Meeting

SUBJECT: APPROVAL OF SETTLEMENT AGREEMENT AND GENERAL RELEASE AND RATIFICATION OF EXECUTION BY EXECUTIVE DIRECTOR; APPROVAL OF LICENSE AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND HOWARD FISHER FOR STORAGE AND MAINTENANCE OF SECURED PROPERTY; APPROVAL OF AMENDMENT TO THE SUCCESSOR AGENCY FISCAL YEAR 2012-2013 BUDGET; APPROVAL OF PROMISSORY NOTE TO OBLIGATE THE SUCCESSOR AGENCY TO REPAY A LOAN FROM THE CITY OF EL CAJON TO FUND PROJECT MANAGEMENT AND ADMINISTRATIVE COSTS OF THE SUCCESSOR AGENCY

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

1. Approve the Settlement Agreement and General Release between Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB") and the City of El Cajon, in its capacity as successor agency to the El Cajon Redevelopment Agency (the "Settlement Agreement"), for surrender of Secured Property associated with three individual loans made to DECB with original principal balances totaling \$645,000, and ratify the execution of the Settlement Agreement by the Executive Director;
2. Approve the License Agreement between Howard Fisher ("Landlord") and the City of El Cajon, solely in its capacity as the successor agency to the El Cajon Redevelopment Agency, for storage and maintenance of the Secured Property;
3. Approve an amendment to the Fiscal Year 2012-2013 Successor Agency Budget to add Project/Activity #RD0701S and appropriate \$42,750 from "Other" funds received in order to disburse project management and administrative costs associated with the preservation and maintenance of Secured Property;
4. Approve the Promissory Note ("Note") to acknowledge the receipt of a loan from the City of El Cajon, to the Successor Agency in the amount not to exceed \$42,750, in order to fund project management and administrative costs incurred on behalf of the Successor Agency associated with the preservation and maintenance of Secured Property;
5. Find that the approved Promissory Note is an enforceable obligation and should be included on the next Recognized Obligation Payment Schedule for reimbursement;
6. Authorize the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of chief executive officer for the Successor Agency, to execute the Promissory Note on behalf of the Successor Agency, and direct the Secretary of the Oversight Board to deliver copies of the executed note to the County Auditor Controller, the State Department of Finance, the County

Administrative Officer, the State Controller's Office, and to post on the Successor Agency website upon approval by the Oversight Board; and

BACKGROUND: The Successor Agency holds three promissory notes ("Notes") with current outstanding principal balances totaling \$601,086.65 owed by the Downtown El Cajon Brewing Co., Inc. for brewing and restaurant tenant improvements, furniture, fixtures and equipment for the property located at 110 N. Magnolia Avenue ("Site"). All three Notes are secured by, among other enforceable obligations, a Participation Agreement, Leasehold Deed of Trust, and Promissory Notes ("Loan Documents").

On October 1, 2012, the Downtown El Cajon Brewing Co. Inc., filed for reorganization under Chapter 11 of the Bankruptcy Code. In order to protect the security interest in the Furniture, Fixtures and Equipment under the Loan Documents, the Successor Agency immediately hired outside counsel to assist during the bankruptcy process. Costs for this activity have been charged to Project/Activity RD1201S – DDA Projects Monitoring, with an approved Fiscal Year 2012-2013 budget of \$36,780. The Successor Agency thereafter obtained a relief from the stay order and proceeded to foreclose on the property in which it holds a security interest.

On April 1, 2013, the City of El Cajon, acting in its sole 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 in its sole capacity as Successor Agency, who has a perfected security interest in the Secured Property.

A License Agreement between Howard Fisher and the Successor Agency dated April 1, 2013, is pending execution 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.

Although the Executive Director and Howard Fisher are working cooperatively to find another operator to take over the Site, the Secured Property at the Site remains the responsibility of the Successor Agency and numerous expenses will be incurred in the protection and maintenance of those assets until sale to another operator can be negotiated and approved.

Due to anticipated expenses associated with the collection and maintenance efforts associated with DECB's Settlement and License Agreement's that will exceed the budget of Project/Activity RD1201S, staff is seeking approval for an amendment to the Fiscal Year 2012-2013 Successor Agency budget in the amount of \$42,750 for Project/Activity RD0701S, to be paid from "Other" funds, and will be incorporated into ROPS 13-14B. These expenses will result in an "advance" situation outlined in the Cooperation Agreement

approved by the Oversight Board on April 26, 2012, and the City on May 8, 2012. As a method for repayment, DOF previously recommended that the Successor Agency obtain a loan from the City to cover enforceable obligations, execute a promissory note in favor of the City in the amount of the loan (the "Promissory Note"), and place this Successor Agency obligation to the City on a subsequent ROPS for reimbursement, subject to approval by the Oversight Board.

Staff is also seeking authorization for the Successor Agency to execute the Promissory Note for the principal amount borrowed from the City and equal to the budget amendment of \$42,750, as authorized under the Cooperation Agreement previously approved by the Oversight Board and City, at an interest rate equal to the Local Agency Investment Fund - LAIF rate, currently 0.35%, until paid. The Promissory Note will reimburse the City for enforcement actions taken to protect and maintain assets, secured by existing enforceable obligations, with outstanding balances due of \$601,086.65.

City Council authorization to execute a Settlement Agreement, License Agreement and Promissory Note with the Successor Agency, under terms outlined in this report, will be requested at its regularly scheduled meeting held on April 23, 2013.

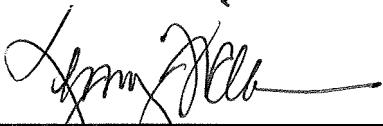
A separate report will be brought back to the Oversight Board for review and action upon receipt of suitable offer(s) for the acquisition of the Secured Property.

FISCAL IMPACT: The requested action will approve various agreements outlined in the Recommended Action and increase the Successor Agency Fiscal Year 2012-2013 Budget by \$42,750 for Project/Activity. The budget amendment is to reimburse the City for actual payments expended for the protection of assets with an estimated value of \$601,086, secured by the Loan documents with the Downtown El Cajon Brewing Co., Inc. The Promissory Note will be included on the next ROPS for reimbursement through "Other" funds received by the Successor Agency.

ATTACHMENTS:

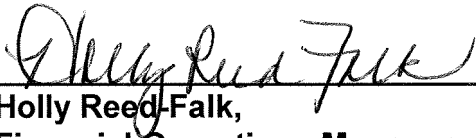
1. Proposed Resolution
2. Settlement Agreement and General Release.
3. License Agreement
4. Downtown El Cajon Brewing Co., Inc. – Fiscal Year 2012-2013 Expenses (Attachment 1 to Agenda Item No. 2)
5. Proposed Promissory Note between the City El Cajon acting as Successor Agency to the former El Cajon Redevelopment Agency and the City of El Cajon.

Prepared by:



**Jenny Ficacci,
Housing Manager**

Reviewed by:



**Holly Reed-Falk,
Financial Operations Manager**

Approved by:



**Douglas Williford
Executive Director/City Manager**

RESOLUTION NO. OB-06-13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY APPROVING A SETTLEMENT AGREEMENT AND GENERAL RELEASE AND RATIFYING THE EXECUTION THEREOF; APPROVAL OF LICENSE AGREEMENT BETWEEN THE SUCCESSOR AGENCY AND HOWARD FISHER FOR STORAGE AND MAINTENANCE OF SECURED PROPERTY; APPROVAL OF AMENDMENT TO THE SUCCESSOR AGENCY FISCAL YEAR 2012-2013 BUDGET; APPROVAL OF PROMISSORY NOTE TO OBLIGATE THE SUCCESSOR AGENCY TO REPAY A LOAN FROM THE CITY OF EL CAJON TO FUND PROJECT MANAGEMENT AND ADMINISTRATIVE COSTS OF THE SUCCESSOR AGENCY.

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 for the first brewing company and restaurant in El Cajon at 110 N. Magnolia Avenue ("Site"). All three loans are 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. 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, costs for this activity have been charged to Project/Activity RD1201S – DDA Projects Monitoring, with an approved Fiscal Year 2012-2013 budget of \$36,780; 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 in its sole 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, is pending execution 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, although the Successor Agency and property owner landlord are working cooperatively to find another operator to take over the Site, the Secured Property at the Site remains the responsibility of the City and numerous expenses will be incurred in the protection and maintenance of those assets until sale to another operator can be negotiated and approved; and

WHEREAS, due to anticipated expenses associated with the collection and maintenance efforts associated with DECB's Settlement and License Agreements that will exceed the budget of Project/Activity RD1201S, staff is seeking approval for an amendment to the Fiscal Year 2012-2013 Successor Agency budget in the amount of \$42,750 for Project/Activity RD0701S, to be paid from "Other" funds, and will be incorporated into ROPS 13-14B; and

WHEREAS, these expenses will result in an "advance" situation outlined in the Cooperation Agreement approved by the Oversight Board on April 26, 2012, and the City on May 8, 2012, the method for the repayment of which DOF previously recommended that the Successor Agency accept a loan from the City to cover enforceable obligations, execute the Note in favor of the City in the amount of the loan, and place this Successor Agency obligation to the City on a subsequent ROPS for reimbursement, subject to approval by the Oversight Board; and

WHEREAS, staff is also seeking authorization for the Successor Agency to execute the Note for the principal amount borrowed from the City and equal to the budget amendment of \$42,750, as authorized under the Cooperation Agreement previously approved by the Oversight Board and City, at an interest rate equal to the Local Agency Investment Fund - LAIF rate, currently 0.35%, until paid. The Promissory Note will reimburse the City for enforcement actions taken to protect and maintain assets, secured by existing enforceable obligations, with outstanding balances due of \$601,086.65

WHEREAS, the City of El Cajon as Successor Agency requested a determination that said Promissory Note become an enforceable obligation for inclusion on the next Recognized Obligation Payment Schedule for reimbursement; and

WHEREAS, the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency held a regularly scheduled meeting on April 18, 2013, at which time it considered approval of a Promissory Note ("Note") entered into between the City of El Cajon acting as Successor Agency to the former El Cajon Redevelopment Agency and the City of El Cajon, in favor of the City of El Cajon in order to reimburse the City for anticipated enforceable obligation costs incurred for the surrender of Secured Property from the Downtown El Cajon Brewing Co, Inc. on April 1, 2013; and

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF 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 the Settlement Agreement, License Agreement and Promissory Note 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.
- B. The Oversight Board hereby approves that certain Settlement Agreement between Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB") and the City of El Cajon, in its capacity as successor agency to the El Cajon Redevelopment Agency, executed to collect property under a perfected security interest, and ratifies such action previously taken by the Executive Director in executing the Settlement Agreement and taking possession and protecting the Secured Property;
- C. The Oversight Board hereby approves that certain License Agreement between Howard Fisher and the City of El Cajon, solely in its capacity as the successor agency to the El Cajon Redevelopment Agency, for the purpose of storing, maintaining, and keeping the Secured Property and performing utility and maintenance obligations on the property at 110 N. Magnolia Avenue, El Cajon ("Site");
- D. The Oversight Board hereby approves an amendment to the Fiscal Year 2012-2013 Successor Agency Budget to add Project/Activity #RD0701S and appropriating \$42,750 from "Other" funds received in order to disburse project management and administrative costs associated with the preservation and maintenance of Secured Property;
- E. The Oversight Board hereby acknowledges the making of a loan from the City of El Cajon (the "City"), to the City of El Cajon acting as Successor Agency to the former El Cajon Redevelopment Agency (the "Successor Agency") in the amount of \$42,750, in order to fund project management and administrative costs incurred on behalf of the Successor Agency;
- F. The Oversight Board hereby approves that certain Promissory Note in the principal amount of \$42,750 (the "Note"), with interest thereon at a rate not to exceed the interest earned by the City on its accounts with the Local Agency Investment Agency from time to time, until the entire principal and accrued interest is paid in full, which principal amount represents the amount of a loan to

the Successor Agency by the City, under terms and conditions set forth in the Note.

- G. The Oversight Board hereby finds that the Note, in the form and content attached hereto as Exhibit "A" and incorporated herein by this reference, subject to any minor conforming, technical, or clarifying changes approved by the Oversight Board legal counsel, is an enforceable obligation and should be included on the next Recognized Obligation Payment Schedule ("ROPS") for reimbursement; and
- H. The Oversight Board hereby approves that the City Manager of the City, or such person designated by the City Manager, acting in the capacity of chief executive officer for the Successor Agency, execute the Note on behalf of the Successor Agency, and directs that the Secretary of the Oversight Board delivers copies of the executed Note to the County Auditor Controller, the State Department of Finance, the County Administrative Officer, the State Controller's Office, and to post on the Successor Agency website upon approval by the Oversight Board.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly scheduled meeting held this 18th day of April 2013, by the following vote to wit:

AYES :
NOES :
ABSENT :

Debra Turner-Emerson, Chairperson

ATTEST:

Jennifer Ficacci, Oversight Board Acting Secretary

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SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release ("Agreement") is made by and between the parties: STEPHAN MEADOWS, MANDY MEADOWS AND DOWNTOWN EL CAJON BREWING CO. (in their individual capacities and collectively, "DECB"); on the one hand, and the City of El Cajon (the "CITY"), in its capacity as successor agency to the El Cajon Redevelopment Agency (the "AGENCY" (the CITY and AGENCY, collectively "EL CAJON"), on the other hand.

WHEREAS, EL CAJON has obtained Relief from Stay in the Bankruptcy Court for the Southern District of California, Case No. 12-13390-CL11 ("MRS Action"), concerning three loans made to DECB by AGENCY ;

WHEREAS, EL CAJON has a perfected security interest in the SECURED PROPERTY (as hereinafter defined) owned by DECB in the operation of that certain business known as the Downtown El Cajon Brewing Co. located at 110 North Magnolia Avenue, El Cajon, California (the "PREMISES"), granted to EL CAJON in connection with certain loans made by EL CAJON to DECB and guaranteed by STEPHAN MEADOWS and David Meadows (the "LOANS");

WHEREAS, DECB denies any and all allegations of the MRS Action;

WHEREAS, DECB and EL CAJON wish to affect a complete resolution and settlement of all claims, disputes, and controversies, relating to the MRS Action and the LOANS;

WHEREAS, DECB and EL CAJON voluntarily and freely enter this agreement for that purpose;

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions set forth below, the parties hereto, intending to be legally bound, do enter this Agreement and agree

to execute this document as a full and complete release, providing the following terms and conditions are complied with;

1. EL CAJON, as a complete settlement of the MRS Action and the LOANS will cease and desist from collecting, or attempting to collect, or pursuing any litigation regarding DECB as more specifically set forth below under Releases.

2. DECB shall surrender possession of the SECURED PROPERTY and the PREMISES EL CAJON, no later than 5:00 p.m., April 1, 2013, with 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 conducted on the Property (the "SECURED PROPERTY") in place. DECB shall execute a bill of sale and such other documents as necessary to convey title to the SECURED PROPERTY to EL CAJON. EL CAJON will not pursue DECB for any personal claims on personal guarantees. EL CAJON acknowledges and agrees that there may be claims of third parties to some of the SECURED PROPERTY.

3. Each of the parties will bear their own attorneys' fees and costs.

4. DECB and EL CAJON agree that both DECB's and EL CAJON's allegations are disputed by both parties and that this Agreement is made by EL CAJON and DECB to avoid the cost of litigation and that this Agreement shall not be construed as an admission of liability or fault by either party.

5. DECB releases, and absolutely and forever discharges EL CAJON and their predecessors, successors, assigns, and each past or present affiliated or parent entities and each past or present employee agent, representative, officer, and any other person or firm who,

previously or hereinafter, is affiliated in any manner with any of the above, from any and all claims, liens (medical or otherwise), demands, causes of action, obligations, expenses, costs, damages, attorneys' fees and liabilities which DECB ever had, now has, or may hereinafter have, against any of them by reason of any act, cause, matter or event whatsoever to the date of this Agreement, whether known or unknown, arising directly or indirectly out of or in any way connected with, or based upon, or in any way related to, the subject matter of the MRS Action.

6. Furthermore, EL CAJON releases, and absolutely and forever discharges DECB and its attorneys, employees, agents, representatives, officers, from any and all claims, liens demands, causes of action, obligations, expenses, costs, damages, attorneys' fees and liabilities which EL CAJON or each of them ever had, now has, or may hereinafter have, against DECB by reason of any act, cause, matter or event whatsoever to the date of this Agreement, whether known or unknown, arising directly or indirectly out of or in any way connected with, or based upon, or in any way related to, the subject matter of the MRS Action or the LOANS, however, David Meadows is expressly excluded from this release and EL CAJON shall retain all rights against David Meadows arising out of the LOANS.

7. Each of the parties hereto represents and warrants that they have full power to make the releases and agreements contained herein. The parties represent and warrant that they have not assigned, encumbered, or in any manner transferred all or any portion of the claims covered by the releases and agreements contained herein. Each of the parties hereto acknowledges and agrees that this warranty and representation is an essential and material term of this Agreement without which the consideration would not have been delivered.

8. This Agreement may be pled as a full and complete defense to any subsequent

action or other proceeding involving any person or party, that arises out of or relates to, or has anything to do with, the rights and claims waived, released and discharged by this Agreement.

9. DECB represents and warrants that they have not heretofore assigned or transferred or purported to assign or transfer, to any person or entity, a claim, debt, liability demand, obligation, cost, attorneys' fees, expense, action or cause of action herein released. DECB further agrees to indemnify, hold harmless, and defend EL CAJON from any and all claims, debts, liens medical or otherwise, liabilities, or demands, obligations, attorneys' fees, costs, expenses, action or cause of action which are in any way based on, arising out of, or in connection with any such transfer or assignment, this MRS Action, and/or the LOANS including all actual attorneys' fees and costs in connection therewith.

10. EL CAJON represents and warrants that they have not heretofore assigned or transferred or purported to assign or transfer, to any person or entity, a claim, debt, liability demand, obligation, cost, attorneys' fees, expense, action or cause of action herein released. EL CAJON further agrees to indemnify, hold harmless, and defend DECB from any and all claims, debts, liens medical or otherwise, liabilities, or demands, obligations, attorneys' fees, costs, expenses, action or cause of action which are in any way based on, arising out of, or in connection with any such transfer or assignment, this MRS Action, and/or the LOANS including all actual attorneys' fees and costs in connection therewith.

11. The parties agree that, in the event of any breach of this Agreement, the party aggrieved shall be entitled to recover from the breaching party, in addition to any other relief provided by law, such costs and expenses as may be incurred by said aggrieved party, including court costs, attorneys' fees and other costs and expenses, taxable and otherwise, reasonably

necessary in preparing the defense of, defending against or seeking and obtaining an abatement or an injunction against such action or such proceedings, or in establishing or maintaining the applicability or the validity of this Agreement or any provision thereof and in prosecuting any counterclaim or cross-complaint therein.

12. This Agreement shall be binding upon and for the benefit of the parties hereto and their respective heirs, successors, predecessors, devisees, administrators, executors, affiliates, representatives, assigns, and their respective agents and employees, partners, members and representatives, wherever the context requires or admits, both jointly and individually.

13. The parties to this Agreement acknowledge that they have been competently represented by counsel of their own choosing in the negotiations for, and the preparing of this Agreement, that they have read the Agreement or had it read to them by their counsel, that they are fully aware of its contents and of its legal effect, and that each party enters into this Agreement freely, without coercion, based on the parties' own judgment and not in reliance upon any representations or promises made by the other party. Each party expressly waives any and all claims, charges, complaints, actions and causes of action against any other party arising out of or in any way associated with the negotiation, preparation, or execution of this Agreement.

14. This Agreement shall constitute the entire agreement between the parties and it is expressly understood and agreed that the Agreement has been freely and voluntarily entered into by the parties hereto with the advice of counsel, who have explained the legal effect of this Agreement. The parties further acknowledge that no warranties or representations or inducements not contained in this Agreement have been made on any subject in connection with this Agreement, and that they have not been induced to execute this Agreement by reason of

non-disclosure or suppression of any fact. This Agreement may not be altered, modified or otherwise changed in any respect except by writing, duly executed by all of the parties or their authorized representatives.

15. Each of the parties to this Agreement has made such investigation of the facts pertaining to this Agreement as each deems necessary, and in entering into this Agreement, each party assumes the risk of mistake with respect to such facts.

16. This Agreement contains all of the agreement, conditions, promises and covenants between the parties and supersedes all prior or contemporaneous agreements, representations or understandings with respect to the subject matter of the present agreement.

17. The terms, conditions and covenants of this Agreement shall be interpreted under the laws of the State of California.

18. Reserved.

19. The parties in this Agreement intend this Agreement to be a full and general release as to the subject matter described above, and they hereby mutually waive all claims or benefits which they now have, or in the future may have under the provisions of section 1542 of the California Civil Code, which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected his settlement with the debtor.

20. The parties to this Agreement, having been apprised of the statutory language of Civil Code Section 1542 by their attorneys, and each fully understanding the same, nevertheless elect to waive the benefits of any and all rights any of them may have pursuant to the provisions of Civil Code Section 1542. The parties to this Agreement understand that if the facts with

respect to which this Agreement is executed are found hereinafter to be different from the facts now believed by any of them to be true, that this Agreement shall be effective notwithstanding such material difference.


21. DECB, its counsel, and EL CAJON, and its counsel, have cooperated in the preparation of this Agreement, and this Agreement therefore shall not be construed against either party.

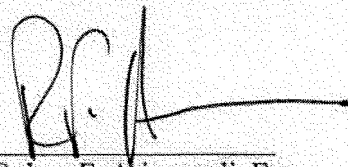

22. The undersigned individuals are fully authorized to enter into this Agreement on behalf of the parties indicated, and warrant and represent to the other parties such authority.

23. This Agreement may be signed in counterpart and shall be binding and effective immediately upon the execution by all parties of one or more counterparts.

24. The provisions of this Agreement are contractual in nature and not merely recitals, and shall be considered independent and severable, and if any such provision or any part thereof shall at any time be held invalid, in whole or in part, under any federal, state, county, municipal or other law, ruling or regulation, then such provision or part thereof shall remain in force and effect to the extent permitted by law, the remaining provisions of this Agreement shall also remain in full force and effect, and enforceable.

**I HAVE READ THE ENTIRE CONTENTS OF THIS AGREEMENT
BEFORE SIGNING IT AND HAVE BEEN PROVIDED WITH A COPY
FOR MY RECORDS.**

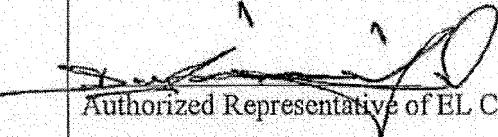
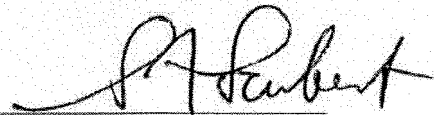
DATED: <u>April 1st</u> , 2013	 Stephan Meadows for Downtown El Cajon Brewing Co.
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APPROVED AS TO FORM: DATED: <u>4/3/</u> , 2013	 Ruben F. Arizmendi, Esq. Attorney for DECB
DATED: <u>April 1st</u> , 2013	 Stephan Meadows

DATED: April 1st, 2013


 Mandy Meadows

**I HAVE READ THE ENTIRE CONTENTS OF THIS AGREEMENT
 BEFORE SIGNING IT AND HAVE BEEN PROVIDED WITH A COPY
 FOR MY RECORDS.**

DATED: <u>April 1</u> , 2013	 Authorized Representative of EL CAJON
APPROVED AS TO FORM: DATED: <u>4-1</u> , 2013	 Stephen F. Lambert, Esq. Attorney for EL CAJON

LICENSE AGREEMENT

This License Agreement (“Agreement”) is made and entered into as of April 1, 2013, by and between Howard Fisher (“Owner” or “Licensor”) and the City of El Cajon, solely in its capacity as the successor agency to the El Cajon Redevelopment Agency, a public body, corporate and politic (“City” or “Licensee”).

RECITALS

A. WHEREAS, Licensor is the owner of real property located at 110 North Magnolia Avenue, El Cajon, California (“Property” or “Premises”);

B. WHEREAS, the Premises was formerly leased to Downtown El Cajon Brewing Co., Inc. (“DECB”), for the purpose of operating a commercial restaurant and brewery business;

C. WHEREAS, Licensee is the owner or custodian of all of the property located on and within the Premises, including, but not limited to, all improvements, fixtures, equipment, machinery, goods, and other personal property (“Inventory”);

D. WHEREAS, the lease between Owner and DECB has been terminated, and Licensor and Licensee desire to enter into a license agreement to allow Licensee to store Licensee’s Inventory, maintain the Premises, and pay applicable utilities until such time as a third-party tenant may lease the Premises and/or the Inventory;

NOW, THEREFORE, for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, Licensor and Licensee agree as follows:

GRANT OF LICENSE

1. License. Licensor grants, and Licensee accepts, a license to use the Premises for the purpose of storing, maintaining, and keeping all of Licensee’s Inventory on the Premises, and for the purpose of performing any utility and maintenance obligations on the Premises, contained in this Agreement (“License”). This License is in consideration for certain payments to be made by Licensee, which are for the benefit of the Licensor and Licensee, and in consideration of other covenants, as more particularly set forth herein.

2. License Term. The term of the License shall commence immediately upon execution of this Agreement. Either party shall be entitled to terminate the License upon thirty-day notice to the other party.

3. Utilities; Maintenance. During the term of the License, Licensee shall maintain and keep the Premises in clean and good working order and repair, and shall pay for the following utilities and services: electricity; gas; water; sewage; and security.

4. No Creation of Lease. No legal title or leasehold interest in the Premises shall be construed to have been created in Licensee as a result of this Agreement, the License, or by Licensee's use of the Premises.

5. No Ownership of Inventory. No legal title or ownership interest in Licensee's Inventory shall be construed to have been created in Licensor as a result of this Agreement.

6. Indemnity. The exercise of this License shall be at the sole risk and expense of Licensee. Licensee shall defend, indemnify, and hold harmless Licensor, and his officers, agents, employees, invitees ("indemnified parties"), from and against any and all liability, loss, damage, expense, and cost, arising out of or in any way connected with the exercise of the privileges and License granted herein, excepting claims based upon the willful misconduct of the indemnified parties. This indemnity shall survive and continue in effect after the License has been terminated.

7. Compliance. Licensee shall use and occupy the Premises in compliance with all applicable local, State, and Federal laws, regulations, and ordinances.

8. Entire Agreement. This is an integrated License Agreement and contains the complete understanding of the parties.

9. Notices. All notices given under this Agreement may be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses, or at such other addresses as either party may designate from time to time:

Licensor: WORDEN WILLIAMS, APC
c/o D. Wayne Brechtel, Esq.
462 Stevens Ave, Suite 102
Solana Beach, California 92075

Licensee: CITY OF EL CAJON
c/o Executive Director
200 Civic Center Way
El Cajon, California 92020

10. Governing Law. This Agreement shall be governed, enforced, and construed under the laws of the State of California. The proper venue for any proceeding at law shall be in the County of San Diego, California.

11. Severability. If any provision of this Agreement is found to be unenforceable, the remainder of this Agreement shall not be affected, and any provision found to be invalid shall be enforceable to the extent permitted by Law.

12. Counterparts. This Agreement may be executed in one or more counterparts, and each of which, so executed, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first set forth above.

LICENSEE:

CITY OF EL CAJON, solely in its capacity as the SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____
Douglas Williford, Executive Director

LICENSOR:

Howard Fisher

DOWNTOWN EL CAJON BREWING CO., INC.

Fiscal Year 2012-2013 Expenses

BUDGET ACTIVITY 0590900-XXXX-RD0701S

EXPENDITURES						APPROPRIATION
	Item	Account #	Apr-13	May-13	Jun-13	FY1213
	Legal	8345	\$ 10,000	\$ 5,000	\$ 5,000	\$ 20,000
	Other Prof/Tech	8395				\$ -
	Receiver	8395	\$ 5,000	\$ 1,000	\$ 1,000	\$ 7,000
	Locksmith	8395	\$ 400			\$ 400
	Contingency	8395	\$ 500	\$ 500	\$ 500	\$ 1,500
	Communications	8528				\$ -
	Security phone	8529	\$ 100	\$ 100	\$ 100	\$ 300
	Repairs & Maintenance	8576				\$ -
	New Leaf Biofuel	8576	\$ 500	\$ -	\$ -	\$ 500
	Brewing Equipment - cleaning	8576	\$ 500	\$ -	\$ -	\$ 500
	Locksmith	8576	\$ 400	\$ -	\$ -	\$ 400
	Contingency	8576	\$ 500	\$ 500	\$ 500	\$ 1,500
	Security Guard/System (SDA Security)	8580	\$ 200	\$ 200	\$ 200	\$ 600
	Service Maintenance Agreements	8584				\$ -
	Guy Dante Plumbing	8584	\$ 350	\$ 350	\$ 350	\$ 1,050
	Contingency	8584	\$ 500	\$ 500	\$ 500	\$ 1,500
	Utilities	8598				\$ -
	SDGE	8598	\$ 800	\$ 800	\$ 800	\$ 2,400
	Helix Water	8598	\$ 500	\$ 500	\$ 500	\$ 1,500
	City of EC Sewer	8598	\$ 200	\$ 200	\$ 200	\$ 600
	Waste Management	8598	\$ 500	\$ 500	\$ 500	\$ 1,500
	Contingency	8598	\$ 500	\$ 500	\$ 500	\$ 1,500
	Total Project Expenses					\$ 42,750

SOURCE OF FUNDS						
	Other funds received					\$ 42,750
	Funding Total					\$ 42,750

PROMISSORY NOTE
(Variable Interest)

\$42,750

El Cajon, California
_____, 2013

FOR VALUE RECEIVED, the CITY OF EL CAJON, solely in its capacity as the SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY, a public body, corporate and politic (“Borrower”) promises to pay to the CITY OF EL CAJON, a charter city and municipal corporation in the state of California (“Lender”) at 200 Civic Center Way, El Cajon, California 92020, or at such other address as Lender may direct from time-to-time in writing, the amount of Forty-Two Thousand Seven Hundred Fifty and No/100 Dollars (\$42,750) (the “Note Amount”). All sums payable hereunder shall be payable in lawful money of the United States of America.

1. Interest Rate. The loan shall bear interest on an adjustable rate, to be equivalent to the rate of interest that the Lender would otherwise have received on its investments with the Local Agency Investment Fund (“LAIF”), from the date of disbursement by Lender until paid.
2. Installments. Borrower promises to pay the Note Amount in one or more installments (each, an “Installment”) from Other Funds OTHER monies received by Borrower for enforceable obligation project expenditures listed on a Recognized Obligations Payment Schedule (“ROPS”) approved by the California Department of Finance (“DOF”) in the following manner: On or about June 2, 2013, or such date as the Borrower next receives payment of OTHER monies based on a DOF-approved ROPS the Borrower shall pay to the Lender the Note Amount, plus interest accrued through the date of this first Installment, with the payment first applied to interest accrued and the balance applied to the payment of principal. Should the first Installment of OTHER funds be insufficient to pay the entire Note Amount, the unpaid balance shall continue to accrue interest and the balance of the Note Amount, plus interest accrued through the date of payment, shall be due at the second Installment, which shall be on or about January 2, 2014, or such date as the Borrower receives its next payment of OTHER funds from the County Auditor-Controller’s office. The Note Amount, including accrued interest, may be prepaid without penalty.
3. Acceleration. At its option, Lender may determine that Borrower is in default and may, consequently, accelerate the maturity of all installments, making the

unpaid balance of the Note Amount due immediately without presentment for payment or any notice, if Borrower fails to pay an installment when due.

- 4. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Promissory Note without the prior express written consent of Lender, which consent may be given or withheld at Lender’s sole discretion.
- 5. Non-Waiver. Failure or delay in giving any notice required hereunder shall not constitute a waiver of any default or late payment, nor shall it change the time for any default or payment.
- 6. Successors Bound. This Promissory Note shall be binding upon the parties hereto and their respective successors and assigns.

Executed the date set forth above.

“BORROWER”

CITY OF EL CAJON, solely in its capacity as the
SUCCESSOR AGENCY TO THE EL CAJON
REDEVELOPMENT AGENCY, a public body, corporate
and politic

By: _____

Douglas Williford, City Manager/Executive Director

ATTEST:

Kathie J. Rutledge, CMC, City Clerk



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

March 27, 2013

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

Dear Ms. Danganan:

Subject: Other Funds and Accounts Due Diligence Review

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), City of El Cajon successor agency (Agency) submitted an oversight board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on November 21, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Pursuant to HSC section 34179.6 (d), Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, the following adjustments were made:

- Assets legally restricted for use totaling \$6,848,997 should be adjusted by \$76,513. Specifically:
 - The Agency requested to restrict \$6,848,997 for assets legally restricted. However, the Agency informed Finance that the amount restricted was incorrect by \$119,108. Therefore, the OFA balances available for distribution to the taxing entities will be adjusted by \$119,108.
 - The Agency requested to restrict \$342,731 for Recognized Obligation Payment Schedule (ROPS II) bond obligations; however, the Agency expenditures totaled \$300,136. Therefore, the OFA balances available for distribution will be adjusted downward by \$42,595.
- The Agency requested to restrict \$342,731 for unfunded obligations remaining from ROPS II, whereas the Agency's payments for these obligations totaled \$300,136. Therefore, the balances available for distribution will be adjusted by \$42,595.

If you disagree with Finance's adjusted amount of OFA balances available for distribution to the taxing entities, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's OFA balance available for distribution to the affected taxing entities is \$1,131,762 (see table below).

OFA Balances Available For Distribution To Taxing Entities	
Available Balance per DDR:	\$ 1,012,654
Finance Adjustments	
Add:	
Requested legally restricted balance not supported:	\$ 76,513
Requested restricted balance not supported:	42,595
Total OFA available to be distributed:	\$ 1,131,762

Absent a Meet and Confer request, HSC section 34179.6 (f) requires successor agencies to transmit to the county auditor-controller the amount of funds identified in the above table within five working days, plus any interest those sums accumulated while in the possession of the recipient. Upon submission of payment, it is requested you provide proof of payment to Finance within five business days.

If funds identified for transmission are in the possession of the successor agency, and if the successor agency is operated by the city or county that created the former redevelopment agency, then failure to transmit the identified funds may result in offsets to the city's or the county's sales and use tax allocation, as well as its property tax allocation. If funds identified for transmission are in the possession of another taxing entity, the successor agency is required to take diligent efforts to recover such funds. A failure to recover and remit those funds may result in offsets to the other taxing entity's sales and use tax allocation or to its property tax allocation. If funds identified for transmission are in the possession of a private entity, HSC 34179.6 (h) (1) (B) states that any remittance related to unallowable transfers to a private party may also be subject to a 10 percent penalty if not remitted within 60 days.

Failure to transmit the identified funds will also prevent the Agency from being able to receive a finding of completion from Finance. Without a finding of completion, the Agency will be unable to take advantage of the provisions detailed in HSC section 34191.4. Specifically, these provisions allow certain loan agreements between the former redevelopment agency (RDA) and the city, county, or city and county that created the RDA to be considered enforceable obligations. These provisions also allow certain bond proceeds to be used for the purposes in which they were sold and allows for the transfer of real property and interests into the Community Redevelopment Property Trust Fund once Finance approves the Agency's long-range property management plan.

In addition to the consequences above, willful failure to return assets that were deemed an unallowable transfer or failure to remit the funds identified above could expose certain individuals to criminal penalties under existing law.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Ms. Victoria Danganan
March 27, 2013
Page 3

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a stylized flourish extending from the end.

STEVE SZALAY
Local Government Consultant

cc: Mr. Ron Luis Valles, Administrative Secretary
Ms. Tracy Sandoval, Assistant Chief Financial Officer
State Controller's Office

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DEPARTMENT OF
FINANCE

Staff Communications No. 2
Finding of Completion
Dated 4/11/2013

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 11, 2013

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

Dear Ms. Danganan:

Subject: Request for a Finding of Completion

The California Department of Finance (Finance) received the City of El Cajon's request for a Finding of Completion.

Finance has completed its review of your request, which may have included reviewing supporting documentation submitted to substantiate payment or obtaining confirmation from the county auditor-controller. Pursuant to Health and Safety Code (HSC) section 34179.7, we are pleased to inform you that Finance concurs that the Agency has made full payment of the amounts determined under HSC section 34179.6, subdivisions (d) or (e) and HSC section 34183.5.

This letter serves as notification that a Finding of Completion has been granted. The Agency may now do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2).
- Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4 (c).

Additionally, the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b), within six months from the date of this letter.

Please direct inquiries to Andrea Scharffer, Staff Finance Budget Analyst, or Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Ron Luis Valles, Administrative Secretary
Ms. Tracy Sandoval, Assistant Chief Financial Officer
State Controller's Office