

**JOINT PINOLE CITY COUNCIL &
REDEVELOPMENT AGENCY
MINUTES
DECEMBER 6, 2011**

1. CALL TO ORDER & PLEDGE OF ALLEGIANCE IN HONOR OF THE US MILITARY TROOPS

The Regular Pinole City Council / Redevelopment Agency Board of Directors meeting was held in the Pinole Council Chambers, 2131 Pear Street, Pinole, California. Mayor Swearingen called the meeting to order at 5:30 PM and Council Member Banuelos led the Pledge of Allegiance.

2. ROLL CALL, CITY CLERK/SECRETARY'S REPORT & STATEMENT OF CONFLICT

Phil Green, Council Member
Debbie Long, Council Member
Tim Banuelos, Council Member
Peter Murray, Mayor Pro Tem
Roy Swearingen, Mayor

B. STAFF PRESENT

Belinda Espinosa, City Manager / Executive Director
Benjamin Reyes, City Attorney
Stephanie Downs, Assistant City Attorney
Richard Loomis, Finance Director
Dean Allison, Public Works Director
Amy Wooldridge, Recreation Director
John Hardester, Police Chief
Charles Hanley, Fire Chief
Winston Rhodes, Planning Manager
Mary Drazba, Economic Development Manager
Judy Lee, Treasurer
Alison Williams, Administrative Assistant / Deputy Clerk

Alison Williams, Administrative Assistant / Deputy Clerk announced that the Agenda was posted on December 1, 2011 at 5 p.m. All legally required notice was provided. She asked the Council whether there were any conflicts with any items on the agenda. No conflicts were reported.

3. CONVENE TO CLOSED SESSION – CITY COUNCIL & AGENCY BOARD

At 5:32 p.m., Mayor Swearingen convened the Noticed Closed Session to discuss the following items:

City Council

- A. CONFERENCED WITH LEGAL COUNSEL--POTENTIAL LITIGATION
Government Code Section 54956.9(b)(1)
Legal Counsel: City Attorney Benjamin Reyes and Assistant City Attorney
Stephanie Downs
Number of Cases: Two Matters

- B. CONFERENCED WITH REAL PROPERTY NEGOTIATOR - GC §54956.8
 Property Location: 3790 Pinole Valley Road
 Agency Negotiator: Dean Allison, Public Works Director
 Negotiating Parties: Verizon Wireless
 Under Negotiation: Lease Price & Terms
- C. CONDUCTED EMPLOYEE PERFORMANCE EVALUATION: City Manager
 Government Code §54597

4. RECONVENE IN OPEN SESSION TO ANNOUNCE RESULTS OF CLOSED SESSION

At 7:19 p.m., Mayor Swearingen reconvened the meeting in open session. He announced there were no reportable actions from Closed Session. He stated that the City Manager was given a very positive performance evaluation and thanked her for all she's done for the city.

5. RECOGNITIONS / PRESENTATIONS

- A. Proclamations
- B. Presentations
 - 1. GFOA Award of Excellence in Financial Reporting

Mayor Swearingen presented the Government Finance Officers Association Award of Excellence in Financial Reporting to Finance Director Richard Loomis and thanked Mr. Loomis for keeping the City in the black.

Mr. Loomis thanked the Council for the public recognition of an award the City has received for the past 15 years. He also recognized and thanked Accounting Specialists, Alice Johnson and Teresa Molinar for their outstanding work in the Finance Department. Mayor Swearingen extended his highest praise for the work the Finance Department does.

6. CITIZENS TO BE HEARD (Public Comments)

The following citizens addressed Council:

Bob Kopp, Community Services Commissioner, spoke on behalf of the Community Services Commission and summarized commission fundraising activities accomplished during his tenure, including the golf tournament, the Maui raffle and the Gala at the Senior Center. Commissioner Kopp commented on the good turnout for the first Community Service Day and thanked Council Member Green for his help with the Community Corner. He extended an invitation to citizens to become more involved with the community and welcomed anyone with ideas to present them to commission.

Council Member Green added that it was the Chamber of Commerce, under the leadership of Ivette Ricco that was responsible for the Community Corner project.

Marcia Kalapus, Pinole citizen reminded the community that December 7, was the 70th anniversary of Pearl Harbor Day, and urged remembrance and appreciation of what it stands for.

7. CONSENT CALENDAR

ACTION: Motion by Council Members Murray /Banuelos, the Council Approved Consent Items with the exception of Items 7E and F pulled by Council Member Long.

Vote: Passed 5-0.

Joint Agency Board / City Council

- A. Approved the Minutes of the November 15, 2011 Meeting
- B. Received the November 11- 25, 2011 List of Warrants and Receive the November 23, 2011 Payroll in the Amount of \$407,922.65.

City Council

- C. Adopted **Resolution No. 2011-84**, Amended Existing Contract with Larry Walker & Associates to Increase Funding for the WWTP Engineering Services [**Council Report No. 2011-132; Action: Adopt Resolution Per Staff Recommendation (Allison)**]
- D. Adopted **Resolution No. 2011-85**, Approved a Six Month Extension of the Contract With Grubb & Ellis Company For The Sale Of Parcels 401-211-032 & 401-211-034 Located At The Corner Of Pinole Valley Road And I-80 Commonly Known As The Gateway East Pad [**Council Report No. 2011-133; Action: Adopt Resolution Per Staff Recommendation (Drazba)**]
- E. Approve Final Parcel Map MS-650-09 – Pinole Valley Shopping Center [**Council Report No. 2011-134; Action: Adopt Resolutions per Staff Recommendation (Downs)**] **REMOVED FOR DISCUSSION**

Council Member Long asked for clarification on what was being approved.

Stephanie Downs, Assistant City Attorney explained that it is the final parcel map for Pinole Valley Shopping Center. The original was approved by the Planning Commission in 2010 and it's now ready to be finalized and sent to county.

Council Member Long asked if it is unusual that it's up and running for years before the final map is approved.

Dean Allison, Public Works Director, responded that it is unusual, but in this case we had issues with the county with respect to an easement that we had to dedicate to them. He explained that it was relocation of one property line in the existing center and will be two parcels when finished and it's a map of convenience, more than necessity.

Council Member Long stated that she would have assumed that this housekeeping would have been done much earlier and would expect in the future it would be done sooner.

Council Member Green asked if this action could be retracted if the sale and purchase agreement doesn't get passed. He asked if the final map is part of the agreement with TKG.

Mr. Allison replied that the easement issue with the county would be an issue regardless of who the owner is.

Ms. Downs responded that approval of the final map is included in the purchase and sale agreement, but it's completely independent.

Council Member Banuelos asked why there are still two parcels and not one big parcel.

Ms. Downs explained that the Shell parcel is owned by a subsidiary of TKG. Under advice of counsel, the City never took control of that parcel because of the contamination. It has been cleaned up, but it was better for the City to not be in the chain of title, because if there were future problems with the clean-up, then it would point back to the City.

ACTION: Motion By Council Members Murray/Long, The Council Adopted Resolution 2011-86, Approving Final Parcel Map MS-650-09 – Pinole Valley Shopping Center

Vote: Passed 5-0

- F. Authorize the City Manager to Accept the Firefighter's Regional Grant (AFG) Totaling \$319,686 For Purchase of P-25 Compliant Radios, with a \$35,964 City Match [**Council Report No. 2011-135; Action: Adopt Resolutions Per Staff Recommendation (Hanley)**]

Council Member Long commented about allocating matching funds from the City, and asked the balance of that account and whether that money has been allocated to other projects.

Belinda Espinosa, City Manager, stated that the balance remaining in that account, after this proposed action would be \$32,953 and it has not been allocated to anything else.

Council Member Long questioned paying for equipment, since our contract with Rodeo-Hercules Fire is for labor only, and this is a radio for the chief only.

City Manager Espinosa responded that the purchase is for radios for both departments.

Charles Hanley, Fire Chief, clarified that Pinole's radios will remain the property of the City of Pinole. There will be a radio for the chief's position for Pinole but he will not be using that radio. Pinole will not be paying subscriber fees for any other radios than those in Pinole. He stated that there is no intent for Pinole to pay for half of the radio that he will be using. The Pinole radio is really for the Battalion Chief position. Since positions were reduced, we're down to 15 portable radios for the firefighters and one for the Battalion chief.

Council Member Long asked if Rodeo-Hercules was paying for all of their positions, including Chief Hanley. Chief Hanley confirmed that and added that Pinole was paying for a portion of fully burdened costs and administrative services, but not equipment.

ACTION: Motion By Council Members Murray/Banuelos, The Council Adopted Resolution No. 2011-87, Authorize the City Manager to Accept the Firefighter's Regional Grant (AFG) Totaling \$319,686 For Purchase of P-25 Compliant Radios, with a \$35,964 City Match

Vote: Passed 5-0

- G. Received & Approved the 2012 Council Regular Meeting Schedule [**Council Report No. 2011-136; Action: Approve By Minute Order (Athenour)**]

8. PUBLIC HEARINGS

- A. AMEND CITY OF PINOLE MASTER FEE SCHEDULE
1. Conduct a Public Hearing To Consider Approval Of Fee Adjustments For The Recreation Department And Amend The Master Fee Schedule [**Council Report No. 2011-137; Action: Adopt Resolution Per Staff Recommendation (Wooldridge)**]

Amy Wooldridge, Recreation Director, presented Council Report No. 2011-137 into the record, outlining changes to the Recreation User Fees to be implemented January 1, 2012. The effect of the changes will be budget neutral. Ms. Wooldridge said that the Recreation Department

budget is currently on target and maintaining full cost recovery with fundraisers and minimal fee increases.

There was discussion about the requirement that people using rental facilities provide a certificate of liability insurance. Council Member Long asked if that insurance indemnifies the City for babysitting services. Ms. Wooldridge responded that the City has its own liability insurance and the certificate required is to cover the renter.

Council Member Banuelos asked if Senior Center membership fees were raised last year. Ms. Wooldridge replied that that issue was put on hold and was brought back to the membership last month and it was agreed that the fee would be \$30 for residents and non-residents.

At 7:59 p.m., Mayor Swearingen opened the Public Hearing.

Jack Meehan, Pinole citizen, pointed out that the membership fee was not a City fee; it's a club membership fee. Ms. Wooldridge said that it's included in the fee schedule as a courtesy.

No further speakers addressed Council and the hearing was closed. Mayor Swearingen called for a motion to recommend approval of the fee adjustments. Ms. Wooldridge clarified that there was an amendment to the annual membership of \$30.

ACTION: Motion by Council Members Murray/Long, The Council Adopted Resolution No. 2011-88, Approval Of Fee Adjustments For The Recreation Department And Amend The Master Fee Schedule

Vote: Passed 5-0

2. Conduct a Public Hearing To Consider Approval Of Fee Adjustments For The Police Department And Amend The Master Fee Schedule [**Council Report No. 2011-138; Action: Adopt Resolution Per Staff Recommendation (Hardester)**]

John Hardester, Police Chief, presented a report Council Report No. 2011-138 into the record on the updated Police Department fee schedule. He explained that the revised fees were based on a comparison study of fees charged by other cities in Contra Costa County. Fees are intended to be cost recovery, not for revenue generation. The revised fees will be effective January 1, 2012. Chief Hardester outlined the increases and reductions in certain fees. Chief Hardester indicated that the fiscal impact will be minimal and there would only be an increase of several hundred dollars of revenue.

At 8:11 p.m., Mayor Swearingen opened the Public Hearing. No speakers addressed Council and the hearing was closed

ACTION: Motion by Council Members Long/Green, The Council Adopted Resolution No. 2011-89, Approval Of Fee Adjustments For The Police Department And Amend The Master Fee Schedule

Vote: Passed 5-0

9. OLD BUSINESS

10. NEW BUSINESS

City Council & Redevelopment Agency

- A. Purchase and Sale Agreements – Pinole Vista and Pinole Valley Centers
- 1) Approve the Purchase and Sale Agreement Between TKG Pinole Valley LLC and the City of Pinole for the Property Located at 2700-2830 Pinole Valley Road, known as the Pinole Valley Shopping Center
 - 2) Approve the Purchase and Sale Agreement Between TKG Pinole LLC and the City of Pinole for the Property Located at 1200-1400 Fitzgerald Street, known as the Pinole Vista Crossings Shopping Center [**Joint Agency /Council Report No. 2011-139jt; Action: Adopt Joint Resolutions Per Staff Recommendation (Downs)**]

Stephanie Downs, Assistant City Attorney presented Joint Agency /Council Report 2011-139 into the record. She gave a brief background of both the Pinole Valley and the Pinole Vista Crossing Shopping Centers and their histories with the City of Pinole. It was explained that in both centers, the land was owned by the City and most of the buildings were owned by TKG. The ownership of the land of both centers was transferred from the Agency to the City in early 2011.

Ms. Downs stated that the Agency purchased the Pinole Valley Shopping Center in 2001 and entered into a ground lease with TKG for a term of 50 years, with two ten-year extensions. The ground lease for Pinole Valley provides that the Agency would receive 80 percent of the operating income from the center. An amendment to that agreement in 2008 allowed for joint marketing of the center for sale. The Agency waived rent payments from TKG during construction and until permanently financed. Under the amendment, the Agency was no longer obligated to fund capital expenditures.

In the early 1990s the Agency purchased the land where Pinole Vista is located and entered into a DDA with TKG Pinole LLC to develop the center. Ms. Downs said that the Agency has been repaid most of its original investment through sale of land to Target, Mervyns and restaurants and reimbursements from Target and Mervyns for construction expenses. Under the terms of the ground lease, use of payments is restricted to economic development in the project area only. The Pinole Vista agreement varies from Pinole Valley in that the Agency/City is entitled to 80 percent of the operating income, but is also responsible for 80 percent of capital improvement costs. In addition, the Pinole Vista agreement does not have a provision for the Agency/City to compel a sale.

Ms. Downs said that under the terms of Purchase and Sale agreements for both centers the City will net \$13.1 million cash at closing. After crediting TKG for ground lease payments, the net proceeds to the City will be approximately \$12.8 million. She stated that the sales of both centers are conditioned on each other; they must be sold together. There will also be an annual savings from eliminated consultant fees.

Sondra Van Metre, President of Shelter Bay Retail Group, explained how the negotiations were handled. The methods that were used varied for the two projects. For Pinole Valley, the value was based on the cap rate, which is a mechanism based on net operating income to establish value. The agreed price between parties was \$2.7 million for Valley. For Vista, an appraisal was done and they wanted the value based on the master lease only, and not value of center, and came up with a value of \$6 million. The amount was disputed by Shelter Bay and they required that we start with establishing a value based on the cap rate. Our values for the center were different. From that value, we subtracted known capital expenditures. We came to an

agreement of a combined price for the two centers of \$13.1 million. Ms. Van Metre expressed that it really is a good opportunity for City to sell.

Council Member Long asked for clarification on the figures. She said that it's been assumed that we're selling the centers for \$13.1 million, when in fact, that's net. If we back into the numbers, given the capital improvements that we'd have to share 80 percent of and the outstanding loan that would need to be refinanced in two years along with some of the waterfall, the actual sales price was \$28-30 million plus. Ms. Van Metre responded that their task was to find a price that the two parties would agree to. From that they deducted the loan and the capital expenditures. In addition, there are commissions and TKG was guaranteed an exit fee. Council Member Long reiterated that it is a net number. Ms. Van Metre clarified that they are only buying our interest.

Council Member Long asked if it's all or nothing; that they wouldn't separate the two in a purchase. Ms. Van Metre confirmed that that is correct; they would not sell one without the other.

Ms. Downs discussed what would happen with the General Fund if redevelopment goes away. She stated that there is no other money available to meet the approximate 8 million in capital calls that are anticipated in the next three to four years. If redevelopment is not upheld, the project could be turned over to oversight board. Mayor Swearingen asked who would be on the oversight board.

Ben Reyes, City Attorney responded that the current composition of the oversight board is seven members, and only one member would be appointed by the City. The other members would be appointed by the County Board of Education, the County, and the school superintendent. If that happens, the City would no longer have control over these assets that would be in control of others who may not have similar interests.

Ms. Downs added that if the oversight board chooses to sell, the proceeds to the City would be a small percent, so it would be significantly less than the \$13 million. Ms. Downs recapped the benefits of the sale, and Mayor Swearingen reiterated that the city can cancel \$132,000 of annual consultant services and staff time.

Sheila Grist, Pinole citizen, thanked Council Member Long for clearing up about the \$13.1 million and asked who would be responsible for the \$19 million bonded debt. Ms. Downs said that the bonds are being paid by property tax increments. Ms. Grist asked how long that would be on property tax bill. Ms. Downs responded that it's not on the property tax bill as a separate item. She explained that redevelopment tax increments are a portion of property taxes received by the City; money that would have gone to the state from your property taxes, comes back to the City to improve its project area.

Cindy Trego, Pinole citizen, expressed her opinion that it's good that we're getting something out of it. She said it stems back to part of the recall situation when issues with some of these contracts were brought out. She noted that the current city manager was not responsible for these contracts and stated that the person who actually wrote these contracts has been hired to deal with taxpayer money approved for the parcels for the hospital. She added that the city attorney was not involved when these contracts were written and suggested that the city attorney should be at the table for any forthcoming contracts and should provide input.

Mayor Swearingen stated that we're coming out a little ahead of the game, which is rare for any RDA contract. He said that the deal is a tribute to the staff, our legal firm and our brokers. He said that the threat of Redevelopment being eliminated helps drive this deal.

James Tillman, Pinole citizen, asked why there wasn't a public hearing on this issue. Ms. Downs responded that that a public hearing was not required by the City and would only be required by the Agency if they were selling it for less than fair market value. Mr. Tillman asked how the cap fee was arrived at and about the absence of appraisals for both properties.

Steve Robertson, Principal of Shelter Bay Retail Group, replied that commercial properties are traditionally sold without appraisals being performed by independent agencies. TKG did an appraisal as to Vista, which was decidedly low. That number was rejected and we got a higher number. He explained that the basis on which shopping centers are traditionally sold is to determine net operating income, and then applying a cap rate based on the type of property. The cap rate was heavily negotiated in order to come up with best possible cap rate which was then applied to the net operating income to arrive at a gross price for each property, which was \$38 million for Vista and \$25 million for Valley. An appraisal is rarely done in the sale of commercial properties.

Mr. Tillman asked what the cap rate is. Ms. Van Metre said that cap rate for Valley was 6.375 and for Vista, it was 8. Mr. Tillman then asked if the bond is paid out of the apportionment from Redevelopment, which Ms. Downs confirmed. Mr. Tillman inquired who underwrote the bond. Ms. Downs was not aware of who underwrote the bond, but confirmed that the bondholders are being paid back.

Council Member Murray stated that it's not over and above the taxes that you would normally pay. It's a bond that was issued in order to produce projects, which we've done. Ms. Downs added that we get more property taxes because the shopping center is there.

Mayor Swearingen said we're referring to increments of taxes that we get above what we would get without Redevelopment. Future increments are being borrowed against so we can do projects now instead of 15 years from now.

Mr. Tillman questioned payments to Kivelstadt for capital costs if it was anticipated the centers would be sold. Ms. Downs responded that because they centers are being sold, we will not have to spend that money. Mr. Tillman asked if the signs will be sold, to which the City Manager responded that the signs go with the property and the City will have no obligation to take care of the signs. Mr. Tillman finished by stating his feeling that by selling these properties we are losing prime real estate and giving it to TKG.

Council Member Green asked who would own what at the end of the ground lease agreements. Ms. Downs responded that at the end of that time the city owns the land and TKG owns all of the structures except Target and Burlington at Vista.

Mr. Reyes said that the Agency owned some of the buildings at Valley before the reconstruction and TKG owns the new buildings. He added that all these properties were transferred, so the City owns land for Valley and Vista. With respect to Vista, TKG owns all structures except Target and Burlington. At Valley the City owns all the land, TKG owns Walgreens, Trader Joes and Peet's to Mechanics. Bank building, but everything else on the parcel currently remains property of the City, until sold. Council Member Green asked if the City collected rent from the buildings it owns. Mr. Reyes responded that the City has not collected rent, because the rent portion is deferred. Ms. Downs stated that a management company collects all the rent. We would share 80 percent in any net operating income

Council Member Green asked who the management company was, to which Ms. Downs responded Jordex, a subsidiary of TKG. Council Member Green asked, whether, at the end of

the ground lease, the buildings that the City owns at Valley revert back to the City. Ms. Downs confirmed that.

Council Member Green asked whether the buildings at the end of the lease belong to TKG if they would have the right to leave the buildings on the property. He stated that we're selling property that we get money on now and at the end of 50 years that becomes City property. He said that in 50 years the value of the property could be \$100 million and we're only getting \$12 million. He asked if we still have to pay off the bonds, to which Mr. Reyes replied yes, that the bonds have been reduced from \$18 million to \$3 million, which is all paid for by tax increment.

Council Member Green again asked if, at the end of the lease, TKG would have the right to leave the buildings on the property. Mr. Reyes responded that presumably if the City in 50 years wants to demolish the buildings at the request of TKG, we might have to pay

Council Member Green said he finds it unusual that we're being asked to sell property for \$13 million that possibly could cost at the end \$100 million and we're getting 12 cents on the dollar.

Mayor Swearingen suggested that in 50 years those buildings probably won't still be there.

Belinda Espinosa stated that we can go back and look at the ground lease to see what happens at the end of the ground lease, but at some point if we wanted to do that, we would probably have to buy out their interest in the buildings.

Steve Robertson explained that traditionally in a ground lease, at the end of the ground lease the interest of the ground lessee terminates and any buildings that are left revert to the lessor. Also, you'll get the lessees of the property who want to sell the property as it goes along, and the price will drop, because the revenue stream will diminish. We have an opportunity that will allow you to accelerate the potential of your ownership so you can have income now based on the present value of the entire shopping center. It doesn't matter what you would own in 2065; as those buildings won't be worth a dime. It'll have to be torn down and remodeled before then or it will be blight again. Shopping centers have to be redeveloped over the years. We were able to take that valuation and cause TKG to deal with it as though we took the entire equity of the property, net operating income, apply a modern cap rate, come up with price, if you take the 38 plus and the 25 plus, talking \$64 million today, take that out 50 years, you're not getting much more valuation development.. All you have today is a revenue stream.

Council Member Green asked if, as time goes on, the capital cost put into the buildings will diminish. Mr. Robertson clarified that the lessee is going to stop putting money in. He added that the serious improvements to the property will start to decline in 2040 or 2045. But the net income won't continue to increase, because as property declines, the quality tenants will leave and revenue stream will drop. Council Member Green questioned whether this is a good deal for the City.

Council Member Murray commented on two issues the City is facing: whether Redevelopment would be there to help us fund our 80 percent portion in the future? Perhaps some form, but not in the form we need to sustain ourselves, and we do not have the funds to stay in. Second issue, do we want to remain in a partnership and is it worthwhile? It takes a lot of funds and time. There are more reasons not to stay in, than to stay.

Council Member Banuelos asked about the capital calls and whether the management of the shopping centers can say they need improvements and we have to pay part of it. Ms. Espinosa stated that we pay 80 percent, they pay 20. She added that they say this is a capital call and seek our approval, but we can't unreasonably withhold our approval

Council Member Banuelos stated that improvements are planned at Vista so capital calls are anticipated in the next six months. City Manager Espinosa said that they've already come to us for the capital call, but the way the deal was negotiated, we don't have to pay our 80 percent if the sale is approved. She stated on tenant leases, every tenant is entitled to improvements, and we have to pay 80 percent. If RDA is dissolved completely, then the money to pay that 80 percent would have to come from the general fund, so it is as we are part of the ownership of the centers, even though we are ground lessors, since we have 80 percent of the responsibility of maintaining the centers. The benefits we enjoy are having a regional shopping center, and receive sales and property tax. Our responsibility to pay 80 percent continues until the end of the ground lease.

Council Member Banuelos suggested that if the City retains ownership, we would be paying 80 percent for a shopping center that could be blighted by 2050. The writing is on the wall if we kept it; we may not receive anything. So it's a good reason to do it now. We're removing debt and making some profit.

Council Member Long asked who wrote the purchase and sale agreement. City Manager Espinosa responded that Meyers Nave had written it.

Council Member Long read section 1.2.5 of the Pinole Valley Purchase and Sale Agreement regarding allocation of purchase price, and asked how that benefits the purchaser, and if it does, it probably isn't beneficial to us.

City Manager Espinosa responded that she thinks it means that after the sale was complete TKG can establish what the value is of each one of the parcels. They can do whatever he wants, whether it's a loan, refinancing or selling the center. Ms. Downs added that the 2.7 million is already allocated to Valley and the 10.4 is allocated to Vista. They will get additional money for improvements for Vista. They want to account for some of this money towards some of those improvements.

Council Member Long expressed her concern that they will reallocate it so we have less tax benefit. She questioned whether our tax rate will be based on the 38 million for Vista and 25 for Valley, and would it increase, decrease or stay flat based on today's valuation. Ms. Downs answered that she doesn't know how the Assessor has it valued today. Ms. Espinosa stated that we have had a lot of tax appeals. Council Member Long replied that we have a 38 and 25 million assessed valuation, so we can still use that argument. Ms. Espinosa agreed.

Council Member Long then read section 6.1.3, regarding subleases and questioned the use of Pinole Vista on the cameras for Mechanics at Pinole Vista and whether that had been worked out. City Manager Espinosa responded that it has been worked out, and explained there will be an easement for the cameras and the City also retains space in back of center for computer hardware and software for the cameras. The cost will be \$100 a month. A second easement is for traffic loops to control the traffic signal. Council Member Long continued on page 11, section 8.4.8, asking if there are any easements that need to be established, to which Ms. Espinosa responded that they are all covered.

The next section Council Member Long referred to was 7.1 and asked why the word "substantially" was used when referring the current condition. Ms Downs clarified that there's potential wear and tear between the date of the agreement and the date we close. Council Member Long asked if something substantial happened between now and close of escrow, are we still responsible for 80 percent. Ms. Downs answered that normally insurance would cover it and it would be worked out who would receive the insurance proceeds.

Council Member Long referred to the last two sentences of section 7.2.2 and asked if someone made a claim against the property just prior to closing, would our title insurance cover those situations. Ms. Downs said if it doesn't show up on record, it would be covered under title insurance.

Council Member Long referred to section 8.8 regarding closing procedure and stated she would like to see a special account set up exclusively for this money to be transferred into. Mayor Swearingen said he doesn't think we can make that part of this. Council Member Long said she would like to take the opportunity to discuss, since it refers to a wire transfer, for those funds to be set aside until such a time as this council can decide on some definitive conditions attached to those funds, assuming it is sold. She stated she's only going on record and not asking for any action.

Council Member Long asked who pays the transfer tax and whether it is shared equally. City Attorney Reyes replied that the City is tax exempt and pays no transfer tax. Council Member Long stated her opinion that this transaction is not a fire sale. She mentioned that redevelopment has played into her decision and wants to ensure the money is used for projects, but not paying a developer. She commended the staff for working hard and for bringing Shelter Bay on board.

Mayor Swearingen asked for clarification on which buildings the City owns at Valley. Mr. Reyes responded that the buildings to the left of where the old Albertsons was are owned by the City, as well as the Happy Sashimi and karate school building. In answer to a question by Mayor Swearingen, Mr. Reyes stated that TKG is buying all the buildings and the land underneath and the City will no longer have any contractual relationship with TKG.

Mayor Swearingen expressed his opinion that this contract for the sale of these properties is a very good contract for the city at this time and date. The properties will only depreciate each year and we're selling just about the top of the market. He reiterated that if the state takes away RDA, we don't have a lot left. If we sell the property the interest can go into general fund and it gives the council and the City better options.

Council Member Murray added that the ultimate end goal for the city was to address blight and to create revenue for the city, which we've accomplished.

Council Member Long pointed out that an additional benefit is that TKG will be paying us directly for the Lighting and Landscape District.

Council Member Green said that just because there have been issues managing TKG is no reason to sell for 12 cents on the dollar. He also said he felt it was a problem that we did not have a public hearing and would have been more transparent than the way this has been handled.

City Attorney Reyes advised Council that there are two items that require council action, with two separate votes.

ACTION: Motion By Council Members Banuelos/Long, The City Council/Agency Board, Adopted Resolution 2011-90/23-2011, Authorizing the City Manager To Execute A Purchase and Sale Agreement With TKG Pinole Valley, LLC For the City's Fee Interest in the Pinole Valley Shopping Center and the Executive Director to Execute Related Documents Thereto

Vote: Passed 4-1; Green opposed.

ACTION: Motion By Council Members Long/Banuelos, The City Council/Agency Board Adopted Resolution 2011-91/24-2011, Authorize the City Manager To Execute A Purchase and Sale Agreement with TKG Pinole, LLC for the City's Fee Interest in the Pinole Vista Crossing Shopping Center and the Pylon Sign Parcel and the Executive Director to Execute Related Documents Thereto.

Vote: Passed 4-1; Green opposed.

11. REPORTS & COMMUNICATIONS

- A. Mayor / Chair Report
1. Announcements

Mayor Swearingen reported on the December 1 Mayors' Conference. Executive Director Don Blubaugh and his wife resigned and were given a send-off party, and Gary Pokorny has been hired as the new Executive Director.

The Mayor also announced that the tree lighting ceremony on December 3 was a big success, with several hundred people in attendance. He commended the Public Works Department and the Recreation Department for doing a great job.

- B. Mayoral / Council Appointments
1. Youth Commission Appointments [**Verbal Report: Banuelos/Green**]

Council Member Banuelos announced that after a second round of interviews, there are three new appointees to the Youth Commission:

Cherie Amor Tony Calica
Kyle Johnson
Nina Dolan

He also announced that Megan Duckworth was the new adult advisor. He said there are fewer Youth Commission members this year, and they worked hard at the tree lighting. There are still two adult spaces for any interested parties.

Council Member Green said that Megan also works part time for the City. He asked the City Attorney if she can serve on the Commission, and the attorney saw no conflict

ACTION: Motion by Council Members Banuelos/Green, The Council Approved the Appointment of Cherie Amor T. Calica, Kyle Johnson, Nina Dolan to the Youth Commission and Megan Duckworth as Adult Member on the Youth Commission

Vote: Passed 5-0

2. Community Service Commission Vacancies / Appointment [**Council Report No. 2011-140; Action: Council Discretion to Appoint or Re-advertise (Athenour)**]

Council Member Green recommended appointing two former applicants. He mentioned that one applicant sits on another committee, so we'll need to ask if they will give up the other committee. Council Member Banuelos asked if there is a rule against serving on more than one commission. Mr. Reyes there is only a prohibition on serving on incompatible offices, but that doesn't apply here.

Council Member Green expressed his opinion that it's better if people serve on one committee or the other. Mayor Swearingen agreed, but said so far these are the only two who came forward.

Council Member Long suggested that a policy on serving on more than one commission/committee should be reviewed in the future. This appointment is only for six months, so within the next six months, it can be discussed it and decided.

Council Member Green recommended the appointment of both and to ask the person serving on TAPS if they will resign from that committee. Council Member Long said she would like to make the appointment tonight and discuss it at a later date.

ACTION: Motion by Council Members Green/Banuelos, The Council Approved the Appointment of William Slinker and Madeline Crandall to the Community Services Commission

Vote: Passed 5-0

C. City Council / Agency Board Committee Reports

Council Member Long announced that WestCAT will have a Stuff-a-Bus food drive on December 16th from 9:00 a.m. -4:00 p.m. at the Lucky parking lot in Hercules

Council Member Banuelos reported on the CBOC meeting, with housekeeping and transition issues between Bill Savage who is leaving and Maggie Abdalla who is taking his place. They got approval from the School Board to review the by-laws, and several big construction projects will begin next year.

Council Member Murray asked why we don't ask to have a smaller school of higher quality built. Council Member Long responded that if we need to have traffic and parking improvements, and it reduces the size of the school to make it safe, then that's what we will be requesting.

Council Member Murray reported that the Integrated Waste Management will conduct a seminar next month. He said it was an outcropping from the contract discussions for post collection, some of the existing board members, as well as new members need to be oriented on the charter of the organization. Moving forward, looking at a new contract, they'll have a facilitated meeting to go over the charter and goals of Integrated Waste Management and discuss the potential of a new contract. He was not sure of the date, but said staff and council members were invited. He said it will be a very educational meeting and suggested it might be good for everybody to attend.

Council Member Green commended the Youth Commission and Parks and Recreation Department on the Tree Lighting. He said he talked with Mike Thompson, who will be our new U.S. Congressman, replacing George Miller.

D. Council Requests For Future Agenda Items

Council Member Green talked about having a meeting for giving direction on the sewer plant. Council Member Long clarified that Council Member Green is talking about the JPA governance and what the Council would like to see. She mentioned that City Attorney Reyes had done a presentation for the JPA on the subject and said the Council would all benefit from that same presentation. Council Member Green said that the City Attorney suggested that be done in private so the Council could come up with a strategy for a way to go forward.

Mayor Swearingen stated that there are certain requirements that the Water Quality Board will enforce by 2015, so time is short to make those adjustments.

Mr. Reyes said that it's already on our long term planning agenda. City Manager Espinosa stated that Wastewater is also an item on the agenda for the proposed January 31 workshop.

E. City Manager / Executive Director / Department Staff Reports

City Manager Espinosa said we've had a lot of opposition to having three traffic signals on Pinole Valley Road in relation to the new high school. She said the Council has asked staff to have a public meeting to receive input. She and Public Works Director Allison asked the Council to put together a subcommittee of two council members to work with Mr. Allison and her to approach Dr. Harter, because Mr. Allison has been unable to see resolution since Mr. Savage's departure. Espinosa said this is a school district project, but feels that the magnitude of notification that the Council would like is falling on deaf ears, and she would like to bring one or two council members into the fold. The signal issue is one of two Workshop items tentatively scheduled for the January 31st workshop, and the City wants the School District to pay for the notification.

Council Member Murray suggested putting it on the E-tree for the schools to get their attention. Mayor Swearingen said that Council Members Banuelos and Long have been on top of this from the beginning and said that Council Member Banuelos would be the best one to take the lead on this.

Council Member Banuelos said that the current construction staff thinks that since TAPS approved it, that we're going forward with the signals. City Manager Espinosa said that the Council has made it clear they want maximum notification, and we don't have funds. In reality it's the district's responsibility to notify the public.

Mayor Swearingen announced that Council Members Banuelos and Long will be the representatives with City Manager and Public Works Director to negotiate the traffic flow on Pinole Valley Road.

City Attorney Reyes stated that the Council appointed a subcommittee, but it wasn't agendaized, so it should be ratified under the Consent Calendar at the next meeting to make sure the action is valid.

F. City Attorney Report

City Attorney Ben Reyes reported on AB1344 titled "Local Governance Changes", which is one of thirty-three bills sponsored after the City of Bell fiasco. One of the changes in the bill is the prohibition of discussing salaries, benefits, salary schedules at special meetings. Anything related to salaries and salary schedules must be discussed only at regular meetings. He said this will now be part of the mandated Ethics Training

Council Member Long announced the birth of her new granddaughter born Dec. 1. She also said that she had received an email about a property on Colusa that is in disrepair. Since we no longer have regular code enforcement, she announced that the public can email council members with code enforcement issues so they can refer them to staff.

Council Member Long also acknowledged Shaun Lumachi, a Pinole Valley High School graduate, who died in a car accident in Florida. He was only thirty-three and was the epitome of a success story.

Council Member Green announced the death of Betty Pierce, a long time resident of Pinole.

12. ADJOURNMENT

At 10:52 p.m., Mayor Swearingen adjourned the meeting to the Regular Redevelopment Agency/City Council Meeting of December 20, 2011 and in memory of the fallen US Armed Service members and Pinole citizens Amber Swartz, Christine Ellen (Strahm) Friend, Rose Marie Prado, Martina Marie Fahlgren, Julius Johnson "Bud" Tharp, and Betty Pierce.

Submitted by:

Patricia Athenour, MMC
City Clerk

APPROVED BY AGENCY BOARD / CITY COUNCIL: