

RESOLUTION NO. OB-13-13

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE SALE OF FIXTURES, EQUIPMENT AND INVENTORY TO URBN RESTAURANTS INC. OR SUCH OTHER BUSINESS ENTITY FORMED AND CONTROLLED BY OR CONTROLLING URBN RESTAURANTS INC., OR THE SHAREHOLDERS THEREOF, INCLUDING BUT NOT LIMITED TO URBN COAL FIRED, LLC ("URBN") AND THE CITY OF EL CAJON, IN ITS CAPACITY AS SUCCESSOR AGENCY, IN THE AMOUNT OF \$200,000 FOR THE SECURED PROPERTY IDENTIFIED IN THE SETTLEMENT AGREEMENT BETWEEN STEPHAN MEADOWS, MANDY MEADOWS AND DOWNTOWN EL CAJON BREWING CO. ("DECB") APPROVED BY THE OVERSIGHT BOARD ON APRIL 18, 2013, AS RESOLUTION NO. 0B-06-13.

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, fixtures, furnishings and equipment, for the first brewing company and restaurant in El Cajon at 110 N. Magnolia Avenue ("Site"); and

WHEREAS, all three loans are memorialized and 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; and

WHEREAS, 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, 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 solely in its 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, was also executed 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, both the Settlement Agreement and License Agreement were approved by the Oversight Board at its April 18, 2013, meeting under Resolution No. OB-06-13; and

WHEREAS, the Successor Agency and Site Owner have been working cooperatively to find another operator to take over the Site and to acquire the Secured Property, including fielding of inquiries and preliminary offers; and

WHEREAS, the Successor Agency presented a Letter of Intent ("Offer") from URBN Restaurants, Inc., or such other business entity formed, controlled by, or controlling URBN Restaurants, Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN") to the Oversight Board on August 21, 2013, in an amount of approximately \$300,000, with financing terms over a 10-year period, that was approved as Resolution No. OB-09-13; and

WHEREAS, on October 10, 2013, the Successor Agency received a determination letter from the California Department of Finance ("DOF") rejecting the Participation Agreement, but approving disposal of the assets; and

WHEREAS, the Executive Director of the Agency received a revised offer to purchase the Secured Property from URBN, absent financing and with pending claims, in the amount of \$200,000 and is prepared to complete the transaction in an expedient fashion; and

WHEREAS, staff is also seeking approval for the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of the chief executive officer for the Successor Agency, to execute all reasonable and required documentation necessary to formalize and complete the sale and transfer of the Secured Property to URBN.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE FORMER 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 sale of the Secured Property and preparation of related documents 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

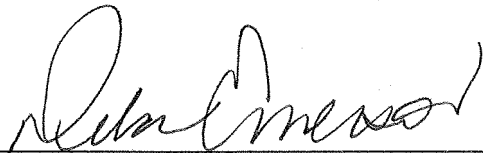
adverse physical change to the environment either directly or indirectly.

3. The proposed terms would be in the best interests of the affected taxing entities and the public because it will yield \$200,000 to the taxing entities and the public.
- B. The Oversight Board hereby approves the sale of fixtures, equipment and inventory to URBN Restaurants Inc., or such other business entity formed, controlled by or controlling URBN Restaurants Inc., or the shareholders thereof, including but not limited to URBN Coal Fired, LLC ("URBN") and the City of El Cajon, in its capacity as successor agency to the El Cajon Redevelopment Agency, in the amount of \$200,000 for the Secured Property identified in the Settlement Agreement between Stephan Meadows, Mandy Meadows and Downtown El Cajon Brewing Co. ("DECB") approved by the Oversight Board on April 18, 2013, as Resolution No. OB-06-13.
 - C. The Oversight Board hereby approves execution of all reasonable and required documentation by the City Manager of the City of El Cajon, or such person designated by the City Manager, acting in the capacity of the chief executive officer for the Successor Agency, necessary to formalize and complete the sale and transfer of Secured Property to URBN as outlined in this report.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a special meeting held this 29th day of October 2013, by the following vote to wit:

AYES: BUXBAUM, CHADWICK, GRIFFIN, GRIFFITHS, RANU, TURNER-EMERSON
NOES: NONE
ABSENT: ABUSHABAN



Debra Turner-Emerson, Chairperson

ATTEST:



Majed Al-Ghafry, Oversight Board Secretary